

CITY OF ST. GABRIEL, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

CITY OF ST. GABRIEL, LOUISIANA

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June 30, 2002

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
City of St. Gabriel, Louisiana

We have audited the accompanying general purpose financial statements of the **CITY OF ST. GABRIEL, LOUISIANA**, as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the **CITY OF ST. GABRIEL's** management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **CITY OF ST. GABRIEL, LOUISIANA**, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements for the year ended June 30, 2002, and the individual fund financial statements for the year ended June 30, 2002, and statistical information, listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the general purpose financial statements of the **CITY OF ST. GABRIEL, LOUISIANA**. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements for the years ended June 30, 2002 and 2001 and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2002, on our consideration of the **CITY OF ST. GABRIEL, LOUISIANA's** internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements of the **CITY OF ST. GABRIEL, LOUISIANA**. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Statistical Information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on it.

The Gauthier Group, LLC

Certified Public Accountants
Baton Rouge, Louisiana
October 2, 2002

CITY OF ST. GABRIEL, LOUISIANA

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

June 30, 2002

	Governmental Funds			Proprietary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects		General Fixed Assets	Long-term Debt	
ASSETS							
Cash and cash equivalents	\$ 90,840	\$ 604,667	\$ 7,618	\$ 30,868	\$ -	\$ -	\$ 733,993
Accounts receivable	36,677	13,771	-	6,000	-	-	56,448
Due from other governments	147,587	129,791	132,283	65,216	-	-	474,877
Due from other fund	-	102,576	-	24,500	-	-	127,076
General fixed assets	-	-	-	-	1,601,713	-	1,601,713
Fixed assets, net	-	-	-	5,525,952	-	-	5,525,952
Amount to be provided for the retirement of general long-term debt	-	-	-	-	-	24,457	24,457
Total assets	\$ 275,104	\$ 850,805	\$ 139,901	\$ 5,652,536	\$ 1,601,713	\$ 24,457	\$ 8,544,516
LIABILITIES							
Accounts payable	\$ 103,743	\$ -	\$ 88,713	\$ 264,314	\$ -	\$ -	\$ 456,770
Accrued expenses	101,558	-	-	4,100	-	-	105,658
Due to other fund	24,500	-	50,168	52,408	-	-	127,076
Long - term debt payable	-	-	-	1,763,076	-	24,457	1,787,533
Total liabilities	229,801	-	138,881	2,083,898	-	24,457	2,477,037
FUND EQUITY							
Investment in general fixed assets	-	-	-	-	1,601,713	-	1,601,713
Contributed capital	-	-	-	1,067,647	-	-	1,067,647
Fund balance	45,303	850,805	1,020	-	-	-	897,128
Retained earnings	-	-	-	2,500,991	-	-	2,500,991
Total fund equity	45,303	850,805	1,020	3,568,638	1,601,713	-	6,067,479
Total liabilities and fund equity	\$ 275,104	\$ 850,805	\$ 139,901	\$ 5,652,536	\$ 1,601,713	\$ 24,457	\$ 8,544,516

Notes on Exhibit A-5 are an integral part of this statement

CITY OF ST. GABRIEL, LOUISIANA

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the year ended June 30, 2002

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
REVENUES				
Taxes	\$ 840,593	\$ 1,546,429	\$ -	\$ 2,387,022
Intergovernmental	597,393	-	249,383	846,776
Licenses and permits	126,945	-	-	126,945
Fines	7,062	-	-	7,062
Other	90,802	-	-	90,802
	<u>1,662,795</u>	<u>1,546,429</u>	<u>249,383</u>	<u>3,458,607</u>
Total revenues				
	<u>1,662,795</u>	<u>1,546,429</u>	<u>249,383</u>	<u>3,458,607</u>
EXPENDITURES				
General government	971,478	-	-	971,478
Public safety	804,577	-	-	804,577
Streets and sanitation	991,691	-	-	991,691
Social and recreational services	297,030	-	-	297,030
Capital project	-	-	387,766	387,766
	<u>3,064,776</u>	<u>-</u>	<u>387,766</u>	<u>3,452,542</u>
Total expenditures				
	<u>3,064,776</u>	<u>-</u>	<u>387,766</u>	<u>3,452,542</u>
Excess (deficiency) of revenues over expenditures	<u>(1,401,981)</u>	<u>1,546,429</u>	<u>(138,383)</u>	<u>6,065</u>
OTHER FINANCING SOURCE (USES)				
Operating transfers in	1,363,000	-	138,383	1,501,383
Operating transfers out	-	(2,133,383)	-	(2,133,383)
	<u>1,363,000</u>	<u>(2,133,383)</u>	<u>138,383</u>	<u>(632,000)</u>
Total financing sources (uses)				
	<u>1,363,000</u>	<u>(2,133,383)</u>	<u>138,383</u>	<u>(632,000)</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(38,981)	(586,954)	-	(625,935)
FUND BALANCE				
Beginning of year	84,284	1,437,759	1,020	1,523,063
	<u>84,284</u>	<u>1,437,759</u>	<u>1,020</u>	<u>1,523,063</u>
End of year	\$ 45,303	\$ 850,805	\$ 1,020	\$ 897,128
	<u>\$ 45,303</u>	<u>\$ 850,805</u>	<u>\$ 1,020</u>	<u>\$ 897,128</u>

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA
GENERAL, SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUND TYPES

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
			Variance -			Variance -
	<u>Budget</u>	<u>Actual</u>	<u>favorable</u>	<u>Budget</u>	<u>Actual</u>	<u>favorable</u>
			<u>(unfavorable)</u>			<u>(unfavorable)</u>
REVENUES						
Taxes	\$ 808,500	\$ 840,593	\$ 32,093	\$ 1,543,000	\$ 1,546,429	\$ 3,429
Intergovernmental	614,500	597,393	(17,107)	-	-	-
Licenses and permits	112,800	126,945	14,145	-	-	-
Fines	6,000	7,062	1,062	-	-	-
Other	89,900	90,802	902	-	-	-
	<u>1,631,700</u>	<u>1,662,795</u>	<u>31,095</u>	<u>1,543,000</u>	<u>1,546,429</u>	<u>3,429</u>
Total revenues						
EXPENDITURES						
General government	972,450	971,478	972	-	-	-
Public safety	796,900	804,577	(7,677)	-	-	-
Streets and sanitation	941,100	991,691	(50,591)	-	-	-
Social and recreational services	293,800	297,030	(3,230)	-	-	-
Capital project	-	-	-	-	-	-
	<u>3,004,250</u>	<u>3,064,776</u>	<u>(60,526)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>(1,372,550)</u>	<u>(1,401,981)</u>	<u>(29,431)</u>	<u>1,543,000</u>	<u>1,546,429</u>	<u>3,429</u>
OTHER FINANCING SOURCES (USES)						
Operating transfers in	1,363,000	1,363,000	-	-	-	-
Operating transfers out	-	-	-	(2,133,900)	(2,133,383)	517
	<u>1,363,000</u>	<u>1,363,000</u>	<u>-</u>	<u>(2,133,900)</u>	<u>(2,133,383)</u>	<u>517</u>
Total financing sources (uses)						
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ (9,550)</u>	<u>(38,981)</u>	<u>\$ (29,431)</u>	<u>\$ (590,900)</u>	<u>(586,954)</u>	<u>\$ 3,946</u>
FUND BALANCE						
Beginning of year		<u>84,284</u>			<u>1,437,759</u>	
End of year		<u>\$ 45,303</u>			<u>\$ 850,805</u>	

Notes on Exhibit A-5 are an integral part of this statement.

<u>Capital Projects Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
\$ -	\$ -	\$ -
248,600	249,383	783
-	-	-
-	-	-
-	-	-
248,600	249,383	783
-	-	-
-	-	-
-	-	-
387,500	387,766	(266)
387,500	387,766	(266)
(138,900)	(138,383)	517
138,900	138,383	(517)
-	-	-
138,900	138,383	(517)
\$ -	-	\$ -
	1,020	
	\$ 1,020	

**CITY OF ST. GABRIEL, LOUISIANA
PROPRIETARY FUND TYPE - SEWER FUND**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS**

For the year ended June 30, 2002

REVENUES

Charges for services	\$ <u>129,415</u>
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EXPENSES

Personnel	98,149
Chemicals	74,884
Depreciation	62,157
Utilities	41,144
Interest	40,162
Supplies	37,341
Bad debt	22,733
Equipment rental	13,847
Maintenance	11,950
Other	<u>22,528</u>

Total operating expenses	<u>424,895</u>
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Operating loss	(295,480)
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NON-OPERATING

Contributed capital - grant from governmental sources	630,374
Other	<u>10,000</u>

Income before operating transfers	344,894
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OPERATING TRANSFERS

Operating transfers in	<u>632,000</u>
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Net gain	976,894
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Depreciation transferred to contributed capital	<u>30,957</u>
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Net gain transferred to retained earnings	1,007,851
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RETAINED EARNINGS

Beginning of year (restated)	<u>1,493,140</u>
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End of year	<u>\$ 2,500,991</u>
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Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA
PROPRIETARY FUND TYPE - SEWER FUND

STATEMENT OF CASH FLOWS

For the year ended June 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Operating loss	\$ (295,480)
Adjustments to operating income:	
Depreciation	62,157
Increase in allowance for doubtful accounts	22,733
Change in operating assets and liabilities:	
Accounts receivable	(25,233)
Accounts payable	(180,457)
Accrued expenses	<u>(43,281)</u>
Net cash used by operating activities	<u>(459,561)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Advances/repayments to other funds	(429,967)
Operating transfers in	<u>632,000</u>
Net cash provided by non-capital financing activities	<u>202,033</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Capital grants and other	640,375
Decrease in due from other governments	423,669
Payments on sewer issuance bonds	(5,924)
Acquisition of fixed assets	<u>(891,822)</u>
Net cash used by capital and related financing activities	<u>166,298</u>
Net decrease in cash	(91,230)

CASH AND CASH EQUIVALENTS

Beginning of year	<u>122,098</u>
End of year	<u>\$ 30,868</u>

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement Presentation

The financial statements of the City of St. Gabriel, Louisiana (the City) have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The more significant accounting policies of the Town are described below.

The City was incorporated August 26, 1994, and is a political subdivision of the State of Louisiana. The City enacts ordinances, sets policies and established programs in such fields as public safety, streets and sanitation, recreation and health and welfare.

Reporting Entity

For financial reporting purposes, the City includes all funds and account groups that are controlled by or dependent on the City's executive or legislative branches (the Mayor or the City Council, respectively). Control by or dependence on the City is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general obligations of the City, obligations of the City to finance any deficits that may occur, or receipt of significant subsidies from the City.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be expended and the means by which spending activities are controlled. The various funds and account groups of the primary government presented in the financial statements are described as follows:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of expendable financial resources and related liabilities of the City are accounted for through governmental funds. Measurement is focused upon determining changes in financial position, rather than net income. The following are the governmental fund types of the City:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Project Funds - Capital projects account for financial resources to be used for the acquisition or construction of major or capital facilities (other than those financed by Proprietary Funds).

Proprietary Fund Types

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds include:

Enterprise Fund - An enterprise fund accounts for sewer operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs and expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Account Groups

Account groups are used to establish accounting control and accountability for the City's fixed assets and general long-term debt. The following are the account groups of the City:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fixed Assets Account Group - This group of accounts represents a summary of the fixed assets of the City. Capital expenditures are recorded as expenditures in the governmental fund types at the time of purchase and are subsequently recorded, at cost, for control purposes, in the general fixed assets account group.

In accordance with generally accepted accounting principles for governmental entities, depreciation is not recorded on general fixed assets.

General Long-Term Debt Account Group - This group of accounts represents a summary of the long-term debt of the City.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental funds are maintained on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become available (collectible within the current period) and measurable (amount can be determined). Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

The modified accrual basis of accounting as applied to the major sources of revenue is as follows:

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis, and become due on December 31 of each year.

Sales taxes are recorded when in the possession of the intermediary collecting agent and are recognized as revenue at that time.

Federal/State aid and grants are recorded as revenue when the City is entitled to the funds, generally corresponding to when grant related costs are incurred by the City.

The proprietary fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of the fund is included on the balance sheet. The proprietary fund uses the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments

Cash and cash equivalents for the City includes the Louisiana Asset Management Pool (LAMP) account and each individual fund's share of the consolidated operating cash accounts.

Consolidated bank accounts have been established for the City into which substantially all monies are deposited and from which most disbursements are made. In addition, investment purchases are charged and maturities are deposited to the consolidated bank account. The purpose of the consolidation of bank accounts was to provide administrative efficiency and to maximize investment earnings. The accounts entitled "Cash and Cash Equivalents" is therefore composed of a fund's pro rata share of the cash balance in the consolidated cash account plus its pro rata share of investments made through the investment of excess cash. Investment earnings are recorded in the General Fund.

The investment policy of the City is governed by state statutes that include depository and custodial contract provisions. The City invests funds in accordance with L.R.S. 39:1211-1245 and 33:2955 which include, but are not limited to, United States Treasury Bonds, Treasury Notes, Treasury Bills, and fully collateralized interest bearing checking accounts and certificates of deposit. Other provisions require depositories to insure or collateralize all deposits in accordance with state law and require securities collateralizing deposits to be held by an independent third party with whom the City has a custodial agreement. The City primarily utilizes the Louisiana Asset Management Pool to invest idle funds.

For purposes of the Statement of Cash Flows, liquid investments of the enterprise fund with a maturity of three months or less are considered to be cash equivalents.

Accounts Receivable

Uncollectible amounts due from sewer billing receivables are recognized as bad debts through the use of an allowance account or are directly charged off at the time information becomes available which indicates that the particular receivable is not collectible. An allowance for doubtful accounts of \$30,000 was recorded at June 30, 2002.

Due from Other Governments

Amounts due from other governments include a receivable from the Department of Agriculture relating to a sewer treatment system construction project the City is conducting.

General Fixed Assets

General fixed assets are not capitalized in the governmental fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the governmental fund, and the related assets are reported in the general fixed assets account group. Property acquired through donations is recorded at its fair market value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fixed Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed. Improvements are capitalized.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Depreciation has not been provided on general fixed assets, nor has interest been capitalized.

Fixed Assets - Proprietary Fund

Fixed assets are stated at cost for constructed and purchased assets and fair value for donated assets. Depreciation has been provided over the remaining estimated useful life of 40 years for constructed assets and 13 years for donated assets using the straight-line method.

Compensated Absences

All full time employees of the City are entitled to annual vacation and sick leave. Employees are able to carryover unused vacation to the next year without limitation. Vacation leave unused upon termination or retirement will be paid to the employee.

During 2002, the City adopted new leave policies whereby, accumulated unused vacation leave earned subsequent to the policy change would be forfeited at the end of the City's fiscal year end. Additionally, accumulated sick leave may be accumulated up to 60 days. However, such time is forfeited upon retirement or termination and has not been reflected in these financial statements.

Transfers and Short Term Interfund Receivables/Payables

Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through various interfund accounts.

Budget Policy and Budgetary Accounting

A proposed budget is prepared and submitted to the Mayor and City Council prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is published with the public hearing being conducted prior to the commencement of the budget year. The annual operating budget, prepared on the modified accrual basis, covers all governmental activities anticipated by the City. At the end of the fiscal year, unexpended appropriations automatically lapse. Once adopted, the Mayor is able to transfer part or all of any appropriation within a department of a fund; however the authority for other amendments resides with the City Council. The budget for the year ended June 30, 2002 was adopted on June 20, 2002.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Total Data

Comparative data for the prior year have been presented in certain accompanying financial statements to provide an understanding of changes in the City's financial position and operations.

Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND CASH EQUIVALENTS

At year-end, the City's cash balances totaled \$733,993 and the related bank balances were \$894,465. The bank balances are categorized as follows:

Amount insured by the FDIC	\$ 162,937
Amount collateralized with securities held by pledging financial institution's trust department in the City's name	731,528
Uncollateralized	<u>-</u>
Total bank balance	<u>\$ 894,465</u>

NOTE 3 - AD VALOREM TAXES

For the year ended June 30, 2002, taxes of 12.0 mills were levied for general government and public purposes on property with assessed valuations totaling \$96,371,903. Total taxes levied were \$1,156,463 and collected \$1,121,858. Property tax mileage rates are adopted in the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before December 31 of the current year, and become delinquent thereafter.

The City collected ad valorem taxes of \$961,413 from twelve property owners during the year ended June 30, 2002. Tax collections from three of the twelve taxpayers amounted to \$737,252.

NOTE 4 - FIXED ASSETS

General Fixed Assets

A summary of changes in general fixed assets for the year ended June 30, 2002, is as follows:

	Beginning of Year	Net Additions (Deletions)	End of Year
Land and buildings	\$ 450,280	\$ -	\$ 450,280
Vehicles	527,648	35,657	563,305
Equipment	382,904	42,941	425,845
Constuction In Progress	<u>30,000</u>	<u>132,283</u>	<u>162,283</u>
Totals	<u>\$ 1,390,832</u>	<u>\$ 210,881</u>	<u>\$ 1,601,713</u>

Proprietary Fund Fixed Assets

A summary of changes in proprietary fund fixed assets for the year ended June 30, 2002, is as follows:

	Beginning of Year	Net Additions (Deletions)	End of Year
Land	\$ -	\$ 10,000	\$ 10,000
Sewerage treatment system	256,182	3,580,391	3,836,573
Constuction In Progress	<u>4,538,635</u>	<u>(2,698,569)</u>	<u>1,840,066</u>
	4,794,817	<u>891,822</u>	5,686,639
Accumulated Depreciation	<u>(98,530)</u>	<u>\$ (62,157)</u>	<u>(160,687)</u>
Totals	<u>\$ 4,696,287</u>		<u>\$ 5,525,952</u>

The amount of interest capitalized in construction in progress relating to the issued sewer bonds was \$98,165.

NOTE 5 - LONG-TERM DEBT

Debt outstanding

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2002:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Retired</u>	<u>End of Year</u>
General				
Capital Leases	\$ 46,984	\$ -	\$ 46,984	\$ -
Compensated absences payable	<u>27,255</u>	<u>-</u>	<u>2,798</u>	<u>24,457</u>
	74,239	-	49,782	24,457
Enterprise Fund				
Revenue bonds	<u>1,237,000</u>	<u>532,000</u>	<u>5,924</u>	<u>1,763,076</u>
Totals	<u>\$ 1,311,239</u>	<u>\$ 532,000</u>	<u>\$ 55,706</u>	<u>\$ 1,787,533</u>

The components of long-term debt, at June 30, 2002, are comprised of the following:

General Long-Term Debt

Compensated absences payable \$ 24,457

Enterprise Fund

Revenue Bonds:

\$1,237,000 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments through December 15, 2040; interest at 4.50 %. 1,231,076

\$532,000 Sewer Revenue Bonds secured by a pledge and dedication of sewer revenues, due in monthly installments through June 6, 2041; interest at 4.50 %. 532,000

Total long-term debt \$ 1,787,533

Sewer Revenue Bonds – Phase I and II

In accordance with the indenture governing Sewerage Utility Fund Revenue Bonds, Series 2000 and 2001, cash is periodically deposited into accounts administered by a trustee bank. These bonds are a direct liability of the Sewerage Enterprise Fund to be serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the requirements of each.

NOTE 5 - LONG-TERM DEBT (CONTINUED)

1. The Sewer System Revenue Fund requires all revenue derived from its operations to be deposited in a bank that is a member of the Federal Deposit Insurance Corporation as long as any of the bonds are outstanding. Required transfers are made on a monthly basis to designated trust accounts. In addition, the Series 2000 and 2001 Bonds require the use of a separate construction account.
2. The Sewer Revenue Bond and Interest Sinking Funds requires monthly fund transfers from the Sewer System Revenue Fund to provide payment of the next maturing interest and principal of the revenue bonds.
3. The Sewer Revenue Bond Reserve Funds requires monthly transfers until a sum equal to the highest combined principal and interest falling due in any year has been accumulated. These funds are restricted to payment of principal and interest in case of default. Monthly transfers are \$281 and \$121.
4. The Sewer Depreciation and Contingency Funds requires monthly transfers of \$281 and \$121. The Funds are restricted to payments for unusual or extraordinary maintenance, repairs, replacement, and extensions and improvements that will either enhance its revenue producing capacity or provide improved service. It will also be used to pay principal and interest if there are not sufficient funds in the Sewer Revenue Bond and Interest Sinking Funds, or Sewer Revenue Bond Reserve Funds.

The City of St. Gabriel did not comply with the conditions 2, 3 and 4 as stated above.

Debt Service to Maturity

The annual requirements to amortize debt outstanding at June 30, 2002, including interest payments of \$1,959,768, are as follows:

<u>Year</u>	<u>Enterprise Fund Sewer Revenue Bonds</u>
2003	\$ 96,396
2004	96,396
2005	96,396
2006	96,396
2007	96,396
2008-2041	<u>3,241,346</u>
	<u>\$ 3,723,326</u>

NOTE 5 - LONG-TERM DEBT (CONTINUED)

Normally, debt issues are not retired prior to their maturity. For accounting purposes, interest coupons issued in connection with the sale of various bond issues become obligations/expenditures of the City only with the passage of time, and they represent fixed and determinable obligations that must be retired from future revenues.

NOTE 6 - PENSION PLANS

Municipal Employees' Retirement System of Louisiana

Plan Description – Substantially all employees of the City are members of the Municipal Employees' Retirement System of Louisiana (System), a state-wide cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan A.

All permanent employees working at least 35 hours per week who are paid wholly or in part from City funds are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service or any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary multiplied for each year of creditable service. Monthly retirement benefits paid under Plan A cannot exceed the lesser of 100 percent of final-average salary or \$70 multiplied by total years of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 7.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent of the ad valorem taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

NOTE 6 - PENSION PLANS (CONTINUED)

The City's contributions to the system under Plan A for the year ended June 30, 2002 were \$65,956.

Municipal Police Employees' Retirement System

Plan Description – Police department employees of the City are members of the Municipal Police Employees' Retirement System (System), a state-wide cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. All permanent full-time police officers who are paid wholly or in part from the City's police department are required to participate in the System.

Under the plan, officers who retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service or any age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 and 1/3 percent of their final-average salary multiplied for each year of creditable service not to exceed 100% of final salary. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Suite 270, Baton Rouge, Louisiana 70809, or by calling (225) 929-7411.

Funding Policy. Under the Plan, members are required by state statute to contribute 7.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As established by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contributions to the system under the Plan for the year ended June 30, 2002 were \$28,500.

Firefighters' Retirement System

Plan Description – Fire department employees of the City are members of the Firefighters' Retirement System (System), a state-wide cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All permanent full-time fire department employees who are paid wholly or in part from the City's fire department are eligible to participate in the System.

Under the plan, employees who retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service or any

NOTE 6 - PENSION PLANS (CONTINUED)

age with at least 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3.0 percent of their final-average compensation based on 36 consecutive months of highest pay multiplied for each year of creditable service not to exceed 100% of final salary. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804-9095, or by calling (225) 925-4060.

Funding Policy. Under the Plan, members are required by state statute to contribute 8.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As established by state statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contributions to the system under the Plan for the year ended June 30, 2002 were \$4,482.

NOTE 7 - DEDICATED REVENUES

Ad Valorem Tax

A 5 mill ad valorem tax through 2005 was approved by voters in July 1996. The tax is dedicated for public improvements including, but not limited to, sewer and waste water facilities, water and fire protection, streets, sidewalks, bridges, drainage and other capital expenditures, including operating and maintenance costs related thereto. Dedicated ad valorem taxes of \$482,927 were collected during the year ended June 30, 2002.

Sales and Use Tax

A one third of one percent sales and use tax is dedicated for public purposes, including, but not limited to, sewer and wastewater facilities, water and fire protection, streets, sidewalks, bridges and drainage and other capital expenditures, including operating and maintenance costs related thereto. The City received \$845,834 from sales and use tax during the year ended June 30, 2002.

Parish Wide Sales Tax

A one third of one percent parish wide sales tax is dedicated for public infrastructure. The City received \$217,668 from parish wide sales tax during the year ended June 30, 2002.

NOTE 8 - COMPENSATION TO GOVERNING BODY

The City compensated its Mayor and members of the Board of Aldermen as follows:

Mayor	
George Grace	\$ 52,751
Board of Aldermen	
Nyra Taylor	7,560
Melvin Hasten, Sr.	7,560
Cardell Smith	7,560
Andre Jones	7,560
Lionel Johnson	6,615
	<u>\$ 89,606</u>

NOTE 9 - CONTINGENCIES

Suits and Claims

Various suits and claims arising in the ordinary course of operations are pending against the City. The majority of the cases are either covered by insurance or other defenses; however, the ultimate effect of such litigation cannot be ascertained at this time. It is the opinion of the City's management that the ultimate resolution of such litigation will not have a material effect on the financial position of the City.

Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries commercial insurance. There were no major changes in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

Grants

The City receives state and local grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of City management that its compliance with the terms of grants will result in negligible, if any, disallowed costs.

Construction Contracts

At June 30, 2002, the City had outstanding commitments resulting from professional service contracts of approximately \$217,600.

NOTE 10 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Expenditures Exceeding Appropriations**

For the year ended June 30, 2002, the General Fund had an excess of expenditures over appropriations of approximately \$60,500. Additionally, the Civic Center capital project fund has excess expenditures over appropriations of approximately \$800.

NOTE 11 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2002, a change was made to the retained earnings and contributed capital of the City to reclassify amounts received from capital related grants in compliance with GASB Statement No. 33. The amounts were reported as direct increases to contributed capital in 2001, but should have reported as non-operating revenue and closed to retained earnings. The reclassification increased retained earnings by approximately \$1,483,000.

NOTE 12 - SUBSEQUENT EVENT

During September 2002, the City issued \$1.3 million in debt dedicated for road improvements, which will mature in August 2009.

CITY OF ST. GABRIEL, LOUISIANA

GENERAL FUND

The General Fund is used
to account for all financial resources
except those required to be accounted for
in another fund.

**CITY OF ST. GABRIEL, LOUISIANA
GENERAL FUND**

BALANCE SHEET

June 30, 2002
(With comparative totals for 2001)

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash and cash equivalents	\$ 90,840	\$ 230,318
Due from other governments	147,587	167,281
Other receivable	<u>36,677</u>	<u>-</u>
Total assets	<u>\$ 275,104</u>	<u>\$ 397,599</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 103,743	\$ 212,981
Accrued payroll and payroll taxes	101,558	100,334
Due to other fund	<u>24,500</u>	<u>-</u>
Total liabilities	229,801	313,315
FUND BALANCE	<u>45,303</u>	<u>84,284</u>
Total liabilities and fund balance	<u>\$ 275,104</u>	<u>\$ 397,599</u>

CITY OF ST. GABRIEL, LOUISIANA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 2002
(With comparative actual totals for 2001)

	2002			2001
	Budget	Actual	Variance - favorable (unfavorable)	Actual
REVENUES				
Taxes	\$ 808,500	\$ 840,593	\$ 32,093	\$ 857,105
Intergovernmental	614,500	597,393	(17,107)	608,789
Licenses and permits	112,800	126,945	14,145	120,627
Fines	6,000	7,062	1,062	-
Other	89,900	90,802	902	129,216
Total revenues	<u>1,631,700</u>	<u>1,662,795</u>	<u>31,095</u>	<u>1,715,737</u>
EXPENDITURES				
General government	972,450	971,478	972	844,526
Public safety	796,900	804,577	(7,677)	658,697
Streets and sanitation	941,100	991,691	(50,591)	868,419
Social and recreational services	293,800	297,030	(3,230)	286,868
Total expenditures	<u>3,004,250</u>	<u>3,064,776</u>	<u>(60,526)</u>	<u>2,658,510</u>
Excess of expenditures over revenues	<u>(1,372,550)</u>	<u>(1,401,981)</u>	<u>(29,431)</u>	<u>(942,773)</u>
OTHER FINANCING SOURCES				
Transfers in				
Ad valorem tax fund	895,000	895,000	-	523,800
Sales and use tax fund	468,000	468,000	-	440,000
Total other financing sources	<u>1,363,000</u>	<u>1,363,000</u>	<u>-</u>	<u>963,800</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ (9,550)</u>	<u>(38,981)</u>	<u>\$ (29,431)</u>	<u>21,027</u>
FUND BALANCE				
Beginning of year		<u>84,284</u>		<u>63,257</u>
End of year		<u>\$ 45,303</u>		<u>\$ 84,284</u>

Notes on Exhibit A-5 are an integral part of this statement.

**CITY OF ST. GABRIEL, LOUISIANA
GENERAL FUND**

STATEMENT OF REVENUES - BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 2002
(With comparative actual totals for 2001)

	<u>2002</u>		<u>Variance - favorable (unfavorable)</u>	<u>2001</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
REVENUES				
Taxes:				
Ad valorem	\$ 662,500	\$ 673,956	\$ 11,456	\$ 662,797
Franchise	106,500	121,792	15,292	155,144
Telephone	32,000	36,033	4,033	34,600
Cable TV	7,500	8,812	1,312	4,564
Licenses and permits	112,800	126,945	14,145	120,627
Intergovernmental:				
State of Louisiana	9,500	11,928	2,428	25,995
Federal	45,000	45,808	808	25,713
Contractual services	25,000	-	(25,000)	33,077
Video draw poker	535,000	539,657	4,657	524,004
Fines	6,000	7,062	1,062	-
Other:				
Lease and royalty	4,550	2,550	(2,000)	1,390
Interest	25,000	20,846	(4,154)	59,731
Fees	-	-	-	43,316
Miscellaneous	<u>60,350</u>	<u>67,406</u>	<u>7,056</u>	<u>24,779</u>
Total revenues	<u>\$ 1,631,700</u>	<u>\$ 1,662,795</u>	<u>\$ 31,095</u>	<u>\$ 1,715,737</u>

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA

GENERAL FUND

STATEMENT OF DEPARTMENTAL EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 2002
(With comparative actual totals for 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>	<u>Actual</u>
GENERAL GOVERNMENT				
Salaries	\$ 345,950	\$ 346,717	\$ (767)	\$ 313,132
Payroll taxes	15,000	13,504	1,496	4,893
Municipal retirement	19,500	19,058	442	14,453
Travel	6,000	6,123	(123)	7,810
Fixed asset acquisitions	7,500	15,140	(7,640)	16,035
Accounting	75,000	75,620	(620)	59,448
Dues and subscriptions	11,500	11,264	236	6,737
Entertainment	1,000	370	630	1,614
Consultants	87,000	102,358	(15,358)	24,745
Contract labor	8,000	6,216	1,784	20,007
Insurance	71,000	50,903	20,097	45,584
Legal	45,000	29,099	15,901	89,309
Building maintenance	57,500	51,359	6,141	9,602
Vehicle fuel	2,500	2,534	(34)	5,307
Office supplies	55,500	49,372	6,128	39,112
Vehicle maintenance	11,000	10,826	174	17,300
Publishing	3,000	3,555	(555)	10,304
Telephone	43,000	45,854	(2,854)	42,112
Utilities	41,000	38,485	2,515	53,081
Debt service	8,000	7,915	85	5,723
Other	58,500	85,206	(26,706)	58,218
Total general government	<u>972,450</u>	<u>971,478</u>	<u>972</u>	<u>844,526</u>
STREETS AND SANITATION				
Salaries	482,000	510,877	(28,877)	513,822
Payroll taxes	18,600	15,694	2,906	11,009
Municipal retirement	33,400	26,342	7,058	29,006
Fixed asset acquisitions	28,000	34,770	(6,770)	28,082
Insurance	105,200	112,848	(7,648)	88,606
Contract labor	40,000	51,015	(11,015)	31,334
Equipment maintenance	66,500	54,657	11,843	62,635
Street and building maintenance	36,200	53,247	(17,047)	41,602
Utilities	14,000	14,122	(122)	16,153
Vehicle fuel	19,400	18,069	1,331	17,273
Equipment rental	67,000	75,597	(8,597)	3,147
Supplies	26,800	20,584	6,216	23,971
Other	4,000	3,869	131	1,779
Total streets and sanitation	<u>941,100</u>	<u>991,691</u>	<u>(50,591)</u>	<u>868,419</u>

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA

GENERAL FUND

STATEMENT OF DEPARTMENTAL EXPENDITURES BUDGET (GAAP BASIS) AND ACTUAL

For the year ended June 30, 2002
(With comparative actual totals for 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>	<u>Actual</u>
PUBLIC SAFETY				
Police				
Salaries	\$ 383,000	\$ 392,052	\$ (9,052)	\$ 347,994
Payroll taxes	11,500	12,518	(1,018)	9,722
Municipal and police retirement	28,500	29,961	(1,461)	22,572
Insurance	46,300	41,620	4,680	34,104
Fixed asset acquisition	43,500	54,777	(11,277)	16,353
Travel	1,200	1,149	51	(287)
Clothing	1,000	678	322	5,861
Training	2,000	425	1,575	1,526
Office supplies	5,100	5,641	(541)	4,353
Telephone	27,000	20,077	6,923	3,481
Vehicle fuel	22,000	22,902	(902)	26,846
Vehicle maintenance	26,200	25,729	471	13,832
Equipment maintenance	400	401	(1)	166
Field supplies	12,800	6,829	5,971	14,186
Printing	1,000	485	515	1,474
Debt service	17,000	17,303	(303)	13,582
Other	12,000	13,608	(1,608)	14,092
Total police	<u>640,500</u>	<u>646,155</u>	<u>(5,655)</u>	<u>529,857</u>
Fire				
Salaries	122,000	125,982	(3,982)	40,444
Payroll taxes	4,500	6,327	(1,827)	1,507
Fire fighters retirement	7,000	4,482	2,518	3,745
Insurance	16,700	15,407	1,293	10,221
Contract labor	-	-	-	40,344
Fixed asset acquisitions	-	-	-	19,765
Office supplies	500	572	(72)	998
Debt service	-	-	-	4,673
Other	5,700	5,652	48	7,143
Total fire	<u>156,400</u>	<u>158,422</u>	<u>(2,022)</u>	<u>128,840</u>
Total public safety	<u>796,900</u>	<u>804,577</u>	<u>(7,677)</u>	<u>658,697</u>

Notes on Exhibit A-5 are an integral part of this statement.

**CITY OF ST. GABRIEL, LOUISIANA
GENERAL FUND**

**STATEMENT OF DEPARTMENTAL EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002
(With comparative actual totals for 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	Variance - favorable (unfavorable)	<u>Actual</u>
SOCIAL AND RECREATIONAL SERVICES				
Social services and recreation				
Salaries	\$ 102,000	\$ 117,346	\$ (15,346)	\$ 63,774
Payroll taxes	4,000	5,069	(1,069)	1,615
Municipal retirement	7,000	3,151	3,849	7,490
Insurance	14,600	18,203	(3,603)	7,147
Training	600	510	90	297
Vehicle	2,500	2,425	75	985
Supplies	4,000	4,653	(653)	3,443
Dues and subscription	-	-	-	(85)
Contract labor	2,500	2,352	148	717
Fixed asset acquisition	500	449	51	43,688
Health and welfare	-	-	-	25,000
Other	4,500	5,976	(1,476)	2,162
Total social services and recreation	<u>142,200</u>	<u>160,134</u>	<u>(17,934)</u>	<u>156,233</u>
Senior center				
Salaries	76,000	76,566	(566)	71,449
Payroll taxes	5,300	2,274	3,026	1,966
Municipal retirement	7,500	6,262	1,238	3,745
Insurance	21,000	18,848	2,152	12,622
Training	-	-	-	295
Vehicle	2,800	2,680	120	1,557
Supplies	1,500	410	1,090	1,831
Contract labor	-	-	-	450
Debt service	24,200	24,153	47	24,153
Other	1,500	1,513	(13)	4,002
Total senior center	<u>139,800</u>	<u>132,705</u>	<u>7,095</u>	<u>122,070</u>
Youth camp				
Other	11,800	4,191	7,609	8,565
Total social and recreational services	<u>293,800</u>	<u>297,030</u>	<u>(3,230)</u>	<u>286,868</u>
Total expenditures	<u>\$ 3,004,250</u>	<u>\$ 3,064,776</u>	<u>\$ (60,526)</u>	<u>\$ 2,658,510</u>

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA

SPECIAL REVENUE FUNDS

SALES AND USE TAX FUND

The Sales and Use Tax Fund is used to account for the collection of a dedicated one-third of one percent sales and use tax in the Town. The Town participates in centralized administration of local sales taxes with other Parish municipalities.

PARISH WIDE SALES TAX FUND

The Parish Wide Sales Tax Fund is used to account for the collection of a dedicated sales tax in Iberville Parish.

AD VALOREM TAX FUND

The Ad Valorem Tax Fund is used to account for the collection of a 5 mill ad valorem tax in the Town. The taxes are remitted to the appropriate funds as budgeted by the Town annually.

CITY OF ST. GABRIEL, LOUISIANA SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2002
(With comparative totals for 2001)

	<u>Sales and Use Tax Fund</u>	<u>Parish Wide Sales Tax Fund</u>	<u>Ad Valorem Tax Fund</u>	<u>Totals</u>	
				<u>2002</u>	<u>2001</u>
ASSETS					
Cash and cash equivalents	\$ 415,922	\$ 148,222	\$ 40,523	\$ 604,667	\$ 872,262
Accounts receivable	\$ -	\$ -	\$ 13,771	\$ 13,771	\$ -
Due from other governments	60,345	69,446	-	129,791	107,622
Due from other funds	<u>102,576</u>	<u>-</u>	<u>-</u>	<u>102,576</u>	<u>457,875</u>
Total assets	<u>\$ 578,843</u>	<u>\$ 217,668</u>	<u>\$ 54,294</u>	<u>\$ 850,805</u>	<u>\$ 1,437,759</u>
FUND BALANCE	<u>\$ 578,843</u>	<u>\$ 217,668</u>	<u>\$ 54,294</u>	<u>\$ 850,805</u>	<u>\$ 1,437,759</u>

Notes on Exhibit A-5 are an integral part of this statement

**CITY OF ST. GABRIEL, LOUISIANA
SPECIAL REVENUE FUNDS**

**COMBINING STATEMENT OF REVENUES, OTHER FINANCING USES
AND CHANGES IN FUND BALANCE**

For the year ended June 30, 2002
(With comparative totals for 2001)

	<u>Sales and Use Tax Fund</u>	<u>Parish Wide Sales Tax Fund</u>	<u>Ad Valorem Tax Fund</u>	<u>Totals</u>	
				<u>2002</u>	<u>2001</u>
REVENUES					
Taxes	\$ 845,834	\$ 217,668	\$ 482,927	\$ 1,546,429	\$ 1,051,394
OTHER FINANCING USES					
Transfers out	(1,665,383)	-	(468,000)	(2,133,383)	(1,136,600)
Excess (deficiency) of revenues over other financing uses	(819,549)	217,668	14,927	(586,954)	(85,206)
FUND BALANCE					
Beginning of year	1,398,392	-	39,367	1,437,759	1,522,965
End of year	\$ 578,843	\$ 217,668	\$ 54,294	\$ 850,805	\$ 1,437,759

Notes on Exhibit A-5 are an integral part of this statement.

**CITY OF ST. GABRIEL, LOUISIANA
SALES AND USE TAX FUND**

**STATEMENT OF REVENUES, OTHER FINANCING USES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002
(With comparative actual totals for 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>	<u>Actual</u>
REVENUES				
Taxes				
Sales and use taxes	\$ 900,000	\$ 845,834	\$ (54,166)	\$ 578,764
OTHER FINANCING USES				
Transfers out				
General Fund	(895,000)	(895,000)	-	(523,800)
Civic Center Fund	-	-	-	(105,000)
Sidewalk Project Fund	(138,900)	(138,383)	517	
Sewer Fund	(632,000)	(632,000)	-	(65,500)
Bayou Braud Fund	-	-	-	(2,300)
Total other financing uses	<u>(1,665,900)</u>	<u>(1,665,383)</u>	<u>517</u>	<u>(696,600)</u>
Excess (deficiency) of revenues over other financing uses	<u>\$ (765,900)</u>	<u>(819,549)</u>	<u>\$ (53,649)</u>	<u>(117,836)</u>
FUND BALANCE				
Beginning of year		<u>1,398,392</u>		<u>1,516,228</u>
End of year		<u>\$ 578,843</u>		<u>\$ 1,398,392</u>

Notes on Exhibit A-5 are an integral part of this statement.

**CITY OF ST. GABRIEL, LOUISIANA
PARISH WIDE SALES TAX FUND**

**STATEMENT OF REVENUES, OTHER FINANCING USES AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002

	<u>2002</u>		<u>Variance - favorable (unfavorable)</u>
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Taxes			
Sales and use taxes	<u>\$ 170,000</u>	<u>\$ 217,668</u>	<u>\$ 47,668</u>
Excess of revenues	<u>170,000</u>	<u>217,668</u>	<u>47,668</u>
FUND BALANCE			
Beginning of year		<u>-</u>	
End of year		<u>\$ 217,668</u>	

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA
AD VALOREM TAX FUND

**STATEMENT OF REVENUES, OTHER FINANCING USES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002
(With comparative actual totals for 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>	<u>Actual</u>
REVENUES				
Taxes				
Ad valorem	\$ 473,000	\$ 482,927	\$ 9,927	\$ 472,630
OTHER FINANCING USES				
Transfers out				
General Fund	<u>(468,000)</u>	<u>(468,000)</u>	<u>-</u>	<u>(440,000)</u>
Excess of revenues over other financing uses	<u>\$ 5,000</u>	14,927	<u>\$ 9,927</u>	32,630
FUND BALANCE				
Beginning of year		<u>39,367</u>		<u>6,737</u>
End of year		<u>\$ 54,294</u>		<u>\$ 39,367</u>

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA

CAPITAL PROJECT FUNDS

BAYOU BRAUD CAPITAL PROJECT FUND

The Bayou Braud Capital Project Fund is used to account for the construction of the Bayou Braud Linear Park.

CIVIC CENTER CAPITAL PROJECT FUND

The Civic Center Capital Project Fund is used to account for the construction of a City Civic Center.

SIDEWALKS IMPROVEMENT PROJECT FUND

The Sidewalks Improvement Project Fund is used to account for the construction and repair of various sidewalks throughout the City.

**CITY OF ST. GABRIEL, LOUISIANA
CAPITAL PROJECT FUNDS**

COMBINING BALANCE SHEET

June 30, 2002
(With comparative totals for 2001)

	<u>Bayou Braud</u>	<u>Civic Center</u>	<u>Sidewalk Improvement</u>	<u>Totals (Memorandum Only)</u>	
				<u>2002</u>	<u>2001</u>
ASSETS					
Cash and cash equivalents	\$ 58	\$ -	\$ 7,560	\$ 7,618	\$ 1,020
Due from other governments	<u>-</u>	<u>132,283</u>	<u>-</u>	<u>132,283</u>	
Total assets	<u>\$ 58</u>	<u>\$ 132,283</u>	<u>\$ 7,560</u>	<u>\$ 139,901</u>	<u>\$ 1,020</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable	\$ -	\$ 81,153	\$ 7,560	\$ 88,713	\$ -
Due to other fund	<u>-</u>	<u>50,168</u>	<u>-</u>	<u>50,168</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>131,321</u>	<u>7,560</u>	<u>138,881</u>	<u>-</u>
FUND BALANCE	<u>\$ 58</u>	<u>\$ 962</u>	<u>\$ -</u>	<u>\$ 1,020</u>	<u>\$ 1,020</u>
Total liabilities and fund balance	<u>\$ 58</u>	<u>\$ 132,283</u>	<u>\$ 7,560</u>	<u>\$ 139,901</u>	<u>\$ 1,020</u>

Notes on Exhibit A-5 are an integral part of this statement

CITY OF ST. GABRIEL, LOUISIANA

CAPITAL PROJECT FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES AND CHANGES IN FUND BALANCE

For the year ended June 30, 2002
(With comparative totals for 2001)

	<u>Bayou Braud Capital Project</u>	<u>Civic Center Capital Project</u>	<u>Sidewalk Improvement</u>	<u>Totals (Memorandum Only)</u>	
				<u>2002</u>	<u>2001</u>
REVENUES					
Intergovernmental	\$ -	\$ 132,283	\$ 117,100	\$ 249,383	\$ 19,211
EXPENDITURES					
Capital project	-	132,283	255,483	387,766	125,491
Excess of expenditures over revenues	-	-	(138,383)	(138,383)	(106,280)
OTHER FINANCING SOURCES					
Transfers in - Sales Tax Fund	-	-	138,383	138,383	107,300
Excess of revenues and other financing sources over expenditures	-	-	-	-	1,020
FUND BALANCE					
Beginning of year	58	962	-	1,020	-
End of year	\$ 58	\$ 962	\$ -	\$ 1,020	\$ 1,020

Notes on Exhibit A-5 are an integral part of this statement.

**CITY OF ST. GABRIEL, LOUISIANA
BAYOU BRAUD CAPITAL PROJECT FUND**

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002
(With comparative totals for 2001)

	<u>2002</u>		<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
			<u>Actual</u>
REVENUES			
State grants	\$ -	\$ -	\$ 19,211
EXPENDITURES			
Capital project			
Consultants	-	-	-
Capital outlay	-	-	21,453
Total expenditures	-	-	21,453
Excess of expenditures over revenues	-	-	(2,242)
OTHER FINANCING SOURCES			
Transfer in			
Sales tax fund	-	-	2,300
Excess of revenues and other financing sources over expenditures	\$ -	-	\$ 58
FUND BALANCE			
Beginning of year		58	-
End of year		\$ 58	\$ 58

Notes on Exhibit A-5 are an integral part of this statement.

**CITY OF ST. GABRIEL, LOUISIANA
CIVIC CENTER CAPITAL PROJECT FUND**

**STATEMENT OF EXPENDITURES, OTHER FINANCING SOURCES AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002
(With comparative totals for 2001)

	<u>2002</u>			<u>2001</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>	<u>Actual</u>
REVENUES				
Intergovernmental	\$ 131,500	\$ 132,283	\$ 783	\$ -
EXPENDITURES				
Capital project				
Capital outlay	\$ 131,500	\$ 132,283	\$ (783)	\$ 104,038
OTHER FINANCING SOURCES				
Transfers in				
Sales tax fund	-	-	-	105,000
Excess of other financing sources over expenditures	\$ -	-	\$ -	962
FUND BALANCE				
Beginning of year		962		-
End of year		\$ 962		\$ 962

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA
SIDEWALKS IMPROVEMENT CAPITAL PROJECT FUND

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING
SOURCES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended June 30, 2002

	<u>2002</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance - favorable (unfavorable)</u>
REVENUES			
State grants	\$ 117,100	\$ 117,100	\$ -
EXPENDITURES			
Capital project			
Capital outlay	256,000	255,483	517
Excess of expenditures over revenues	(138,900)	(138,383)	517
OTHER FINANCING SOURCES			
Transfer in			
Sales tax fund	138,900	138,383	(517)
Excess of revenues and other financing sources over expenditures	\$ -	-	\$ -
FUND BALANCE			
Beginning of year		-	
End of year		\$ -	

Notes on Exhibit A-5 are an integral part of this statement.

CITY OF ST. GABRIEL, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF ST. GABRIEL, LOUISIANA

St. Gabriel, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2002

Grantor/State Pass-through/Program name/ Location of Project	CFDA Number	Grant Amount	Balance July 1	Federal Receipts	Federal Expenditures	Balance June 30
Non-Major Programs						
Department of Justice/ Office of Community Oriented Policing Services/ Universal Hiring Program	16.710	\$ 177,401	\$ 7,250	\$ 45,000	\$ 48,711	\$ 10,961
Federal Emergency Management Agency/ State of Louisiana/ Military Department/ Office of Emergency Preparedness/ Emergency Management Assistance Project	83.156	-	8,962	8,962	-	-
Department of State of Louisiana/Louisiana Community Development Block Grant		500,000	-	-	24,500	24,500
Major Programs						
Department of Agriculture/ Rural Utility Services/ Water and Waste Disposal Systems for Rural Communities	10.760	2,138,000	488,885	1,053,086	629,417	65,216
Total federal awards		\$ 505,097	\$ 1,107,048	\$ 702,628	\$ 100,677	

CITY OF ST. GABRIEL, LOUISIANA
St. Gabriel, Louisiana

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The City of St. Gabriel, Louisiana's (City) Schedule of Expenditures of Federal Awards presents the activity of the federal financial assistance programs of the City. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed-through other government agencies are included on the schedule.

Basis of Accounting

The City's Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to City's financial statements for the year ended June 30, 2002.

CITY OF ST. GABRIEL, LOUISIANA

SPECIAL INDEPENDENT AUDITORS' REPORTS



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

The Honorable Mayor and
Members of the City Council,
City of St. Gabriel, Louisiana

We have audited the general-purpose financial statements of the **CITY OF ST. GABRIEL, LOUISIANA**, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 2, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the **CITY OF ST. GABRIEL, LOUISIANA**'s general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items **2002-2 through 2002-12**.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the **CITY OF ST. GABRIEL, LOUISIANA**'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that, in our judgment, could adversely affect the **CITY OF ST. GABRIEL**,

LOUISIANA's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider it to be a material weakness.

This report is intended solely for the information and use of the City and management, the Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

The Santorum Group, LLC

Certified Public Accountants
Baton Rouge, Louisiana
October 2, 2002



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and
Members of the City Council,
City of St. Gabriel, Louisiana

Compliance

We have audited the compliance of the **CITY OF ST. GABRIEL, LOUISIANA**, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The **CITY OF ST. GABRIEL, LOUISIANA**'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the **CITY OF ST. GABRIEL, LOUISIANA**'s management. Our responsibility is to express an opinion on the **CITY OF ST. GABRIEL, LOUISIANA**'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **CITY OF ST. GABRIEL, LOUISIANA**'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the **CITY OF ST. GABRIEL, LOUISIANA**'s compliance with those requirements.

As described in Item 2002-2 in the accompanying schedule of findings and questioned costs, the **CITY OF ST. GABRIEL, LOUISIANA** did not comply with requirements regarding cash management and maintenance of cash reserve funds that are applicable to its Water and Waste Disposal Systems for Rural Communities federal program. Compliance with such requirements is necessary, in our opinion, for the **CITY OF ST. GABRIEL, LOUISIANA** to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the **CITY OF ST. GABRIEL, LOUISIANA**, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the **CITY OF ST. GABRIEL, LOUISIANA** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the **CITY OF ST. GABRIEL, LOUISIANA**'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 2002-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. However, of the reportable condition described above, we consider the item to be a material weakness.

This report is intended solely for the information and use of the City and management, the Legislative Auditor, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

The Gauthier Group, LLC

Certified Public Accountants
Baton Rouge, Louisiana
October 2, 2002

CITY OF ST. GABRIEL, LOUISIANA
St. Gabriel, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2002

1) Summary of Auditors' Results:

- A) The type of report issued on the general purpose financial statements: **Unqualified opinion**
- B) Reportable conditions in the internal control were disclosed by the audit of Financial Statements: **2002-1**
Material weaknesses: **See above**
- C) Noncompliance that is material to the general-purpose financial statements: **None**
- D) Reportable conditions in internal control over major programs: **2002-1**
- E) The type of report issued on compliance for major programs: **Qualified opinion**
- F) Any audit findings that are required to be reported under Section 510 (a) of OMB Circular A-133: **2002-1 and 2002-2**

Major program:
 - U. S. Department of Agriculture
 - Rural Utilities Services
 - Water and Waste Disposal Systems for Rural Communities
 - C.F.D.A. 10.760
- H) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- I) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

- 2) Findings relating to the financial statements reported in accordance with Government Auditing Standards: **See 2002-1 through 2002-12.**
- 3) Findings and questioned cost relating to federal awards: **2002-1 and 2002-2**

4) **Summary of Findings – Financial Statement Audit:**

REPORTABLE CONDITION:

2002-1 Segregation of Duties

Observation: There is not sufficient segregation of duties to have effective internal control. The finding results from the small size of the City that is served by a limited accounting system. These limitations allow no opportunity for meaningful segregation of duties. This is a prior year finding.

Recommendation: The City has hired an independent CPA firm to assist their accounting department. We recommend that duties be assigned between the CPA firm and City personnel so that internal controls will be enhanced.

Management Response: The City has approved the assignment of duties between its personnel and its independent CPA firm so that internal control has been enhanced. The reorganization of the City's finance department occurred in July 2002. Additionally, the City hired a part-time chief financial officer. The addition of this staff person will provide further opportunities for segregating duties and enhancing internal control. Additionally, achievement of effective internal control is very desirable of management of the City. As a result, the City is making vast strides during the fiscal year ending June 30, 2003 to implement the recommendation and alleviating the lack of sufficient segregation of duties.

2002-2 Maintenance of Cash Reserve Funds

Observation: The sewer revenue bonds of the City require that certain reserves will be maintained as long as the bonds are outstanding. The required reserve cash accounts were not established. Such reserves are a requirement of complying with the debt covenants. This is a prior year finding.

Recommendation: We recommend that these cash reserve bank accounts be established by the City in accordance with its bond agreements. The accounts are as follows:

Sewer revenue bond and interest sinking fund
Sewer revenue bond reserve fund
Sewer depreciation and contingency fund

Management's corrective action plan: The required reserve accounts were established in November 2002. Additionally, the City has established procedures to make required future monthly deposits into these reserve accounts as required by the bond agreement. As a result, the City considers this matter resolved.

2002-3 Fixed Asset Management

Observation: According to L.R.S. 39:324, the City is required to complete a physical inventory of its property annually. During the year ended June 30, 2002, the City did not complete a physical inventory. The last physical inventory prepared by the City was in October 2000, which was as a result of a previous audit finding reported at June 30, 2000.

Recommendation: The City should complete a physical inventory annually.

Management Response: Management completed a physical inventory in October 2002. Management intends to adopt a procedure whereby a property inventory is conducted at June 30 of each year.

2002-4 Define Document Storage System

Observation: Accounting records and related data are not maintained in an orderly manner. During our audit, we noted that records such as invoices, purchase orders, and bank statements could not be easily located, if located at all, when requested. The causes of the problem appear to be a combination of (a) Lack of timeliness in filing records, (b) Lack of clearly defined system for filing records, and (c) Failure to timely return records that are removed by staff. The result was that (a) Employees spent nonproductive time searching for needed documents, (b) Invoices were often paid late, causing the City to incur late payment penalties, and (c) Auditors were needlessly and constantly delayed in performing necessary audit procedures. This situation could also create problems if documents are needed for other reports required by governmental or other agencies.

Recommendation: The City should establish a uniform policy for the recording and storage of invoices both upon receipt and upon payment. All employees should be educated on the new policy and required to consistently adhere to the policy.

Management Response: Senior management of the City was unaware of expenditure records not being maintained adequately. The City attributes the lack of proper record retention to poor execution by accounting personnel assigned this essential task during 2002.

The City has assigned record retention duties to its Chief Financial Officer as a result of this finding. All cash disbursement records will be maintained in that office. The City has established policies and practices for record retention, which adheres to state statutes. The policy will be reviewed with all relevant personnel and be adhered to during the current fiscal year. Additionally, an internal review of record retention for the quarter ended September 30, 2002 is underway. The review will consist of matching all cash disbursements to the related vendor invoice and purchase order.

2002-5 Increase Usage of Purchase Order System

Observation: While the City maintains a purchase order system, City employees with purchasing responsibilities do not adhere to the established policy.

This matter was previously reported to management as Item 1999-1 in the 2001 management letter.

Recommendation: The City should establish a uniform written policy for the use of a purchase order system. All employees having purchasing responsibilities should be educated on the new policy and required to adhere to the policy.

Management Response: The City has an established policy for purchasing procedures, which includes matching to actual expenditures. However, the finding is the result of poor execution by the personnel responsible for these essential tasks. The City has assigned review of purchasing procedures to its chief financial officer and anticipates resolution of this matter during 2002-2003. Additionally, the Mayor expects to notify vendors, during November 2002, that future expenditures made without proper purchase orders will not be paid.

2002-6 Improve Collections of Receivables

Observation: During our audit work, we found that approximately \$36,000 of sewer fees have not been collected out of approximately \$92,000 billed by the City during the year. Of this \$36,000, approximately \$30,000 has been established as an allowance for uncollectible accounts. In addition, we specifically found that three (3) members of the City Council and three (3) employees of the City had past due balances. The City has begun taking steps to collect these receivables by pursuing litigation against property owners and by negotiating with Iberville Parish to permit the City to disconnect water service on a delinquent account.

This matter was reported to management of the City as Item 1999-3 in the 2001 management letter.

Recommendation: We recommend the following: (1) Continuance of legal action against customers that have delinquent accounts; (2) Pursue negotiation with Iberville Parish to allow for the disconnection of water service for delinquent accounts; and (3) Obtain an opinion from the City's attorney regarding the legality of garnishing wages of any City employees that have balances due.

Management Response: The City has recognized the problems associated with the collection of sewer user fees. The City is vigorously attempting to collect all fees billed. In July 2002, the City pursued legal action against all delinquent sewer users, which is on-going. Subsequent to year-end, the City has made modest collections relating to these delinquent fees. However, a large majority remains outstanding.

Additionally, the City is attempting to get the assistance of Iberville Parish with its collection efforts. The Parish provides water service, through a service district, to these residents. As a result, the City will attempt to have Parish water services disconnected for delinquent sewer users. The City believes this procedure will resolve the issue.

2002-7 Control of Credit Card Usage

Observation: During our audit work, we were not able to find proper evidence that would substantiate the business purpose of many credit card transactions. This circumstance leaves the City vulnerable to potential theft and misuse by employees using the City's credit card for personal reasons.

Recommendation: Although the use of credit cards provides a good level of efficiency in acquisition of materials, supplies, etc., the accounting system to substantiate the proper use of the cards does not exist. Accordingly, we recommend that the City eliminate its credit cards completely or allow only the Mayor to have a credit card. Any City credit card charges not supported by proper documentation should be immediately reimbursed by the Mayor.

Management Response: The City intends to eliminate credit cards used by the Town.

2002-8 Control of Cellular Phone Usage

Observation: The City lacks sufficient controls over cell phone usage that creates a susceptibility to theft or misuse by employees. An inordinate amount of cell phones have been distributed to City employees. In addition, the City does not maintain a policy to account for the personal use of cell phones paid by the City.

Recommendation: We recommend the City do the following:

- 1) Audit their cell phone bills for the year and determine the amount of reimbursements due the City from employees who had cell phones.
- 2) Eliminate unnecessary cell phones.
- 3) Establish strict policies regarding cell phone use and procedures for getting reimbursed for personal cell phone calls.

Management Response: The City has changed the type of cellular telephone service subsequent to year-end. As a result, the City has established a \$40 monthly maximum dollar limit that it will pay for cellular phones. Excess usage will be paid by the employee through payroll deductions prior to the payment of any cellular phone bill. The City has established a system that will capture excess usage and related payroll deduction. The chief financial officer has been assigned this task.

The City anticipates reviewing prior cell phone usage paid during the year ended June 30, 2002 for potential reimbursement due to the City.

2002-9 Cash Deposit Requirements

Observation: According to L.R.S. 39:1212, all funds should be deposited daily in the name of the City. Based upon our review of the records, the City did not deposit funds daily during the year ended June 30, 2002.

This matter was reported to management as Item 1999-3 in the 2001 management letter.

Recommendation: The City should deposit funds on a daily basis.

Management Response: Management of the City attributes this finding to poor execution by personnel assigned this duty.

However, subsequent to year-end, management of the City has established daily cash deposit procedures as recommended. As a result, the City considers the matter resolved. The chief financial officer monitors cash balances daily, as well.

2002-10 Advances of Funds to Employees

Observation: According to Louisiana Constitution, Article 7, Section 14, funds of the City shall not be loaned to any individual person. During the year ended June 30, 2002, the City loaned funds to employees by advancing salary. These advances were repaid through payroll deductions.

Recommendation: The City should discontinue the process of advancing payroll to employees.

Management Response: The City will discontinue the advancement of funds to employees. Although these instances were few, the City was reimbursed for the advanced funds, but will discontinue the process effective immediately.

2002-11 Violation of Nepotism Law

Observation: According to L.R.S. 42:1119, no member of the immediate family of the chief executive of a governmental entity shall be employed by that entity. We found that the daughter of the Mayor of the City of St. Gabriel was hired by the City to perform legal work totaling \$1,225. The Mayor's daughter began occupying property at City Hall in March 2002, which is approximately when the service was rendered.

Recommendation: The City should discontinue this practice in order to be compliant with the statute.

Management Response: Upon discovery by the Mayor, the City discontinued requesting services from the Mayor's daughter in 2002. The City considered this to be an isolated incident and not a common practice. In any event, the City's policy is not to conduct business activities with a member, or immediate family member, of the governing entity or chief executive. The City's policy is structured to adhere to the state nepotism law. As a result, the City does not anticipate future instances of this violation.

2002-12 Control Rental of City Hall Facilities

Observation: The City rents office space at the City Hall facility to small businesses. The City did not execute leases for the rental of the office space and failed to collect rent from these businesses during the year. One of the businesses that neither executed a lease with the City nor paid rent during the year is owned by the daughter of the Mayor.

These small businesses began occupying the Town's property during 2002.

Recommendation: The City should adopt procedures to ensure that leases are executed with the tenants. In addition, the City needs to collect rent on a timely basis from the tenants.

Management Response: The City intended to execute the leases during the latter part of its fiscal year. However, the leases were not executed due to oversight by personnel assigned the function.

In November 2002, the leases were finalized and executed with the tenants occupying space on City property. Additionally, most of the rent for previous occupancy has been collected. The City is vigorously attempting to collect rent from one tenant, but does anticipate collection to be likely.

CITY OF ST. GABRIEL, LOUISIANA
St. Gabriel, Louisiana

SUMMARY OF PRIOR YEAR FINDINGS

For the year ended June 30, 2002

2001-1 Segregation of Duties

Observation: There is not sufficient segregation of duties to have effective internal control. The finding results from the small size of the City that is served by a limited accounting system. These limitations allow no opportunity for meaningful segregation of duties.

This finding is a current year finding as 2002-1.

2001-2 Collateral Pledges of Cash and Investments

Finding: At June 30, 2001, at two of the City's financial institutions, deposits held were in excess of federal depository insurance limits and not adequately secured by approximately \$130,000.

The City implemented procedures to monitor its cash balances. Adequate securities were held at June 30, 2002 to secure the City's deposits in excess of federal depository insurance limits. As a result, the matter is considered resolved.

2001-3 Public Bid Law

Finding: During the year ended June 30, 2001, the City's Police department purchased equipment that required obtaining three quotations. No such efforts were made.

No such incidents were discovered in 2002. As a result, the matter is considered resolved.

2001-4 COPS FAST Grant Funding

Finding: During the year ended June 30, 2001, the Department of Justice conducted an on-site monitoring visit of this federal program. As a result, it was determined that the City did not provide adequate records to substantiate the expenditures claimed on quarterly submitted reports.

No such finding occurred during 2002. As a result, the matter is considered resolved.

2001-5 Cash Management of Federal Funds

Department of Agriculture

Water and Wastewater Disposal Systems for Rural Communities-CFDA No. 10.760

Observation: During the year ended June 30, 2001, the City expended federal awards relating to the construction of a wastewater disposal system. As the City incurred costs relating to this project, it made reimbursement requests from the federal and state agencies providing funding to the City. The expenditure of federal funds requires that such reimbursement payments are made

only in amounts necessary to meet a current disbursement need that is disbursed within three days. Based on our review of reimbursement requests made by the City during the year, the City violated the "3-day" requirement on 13 occasions.

Because of the status of the construction project, the "3-day" requirement no longer applies to the City. As a result, the matter is considered resolved.

2001-6 Maintenance Of Cash Reserve Funds

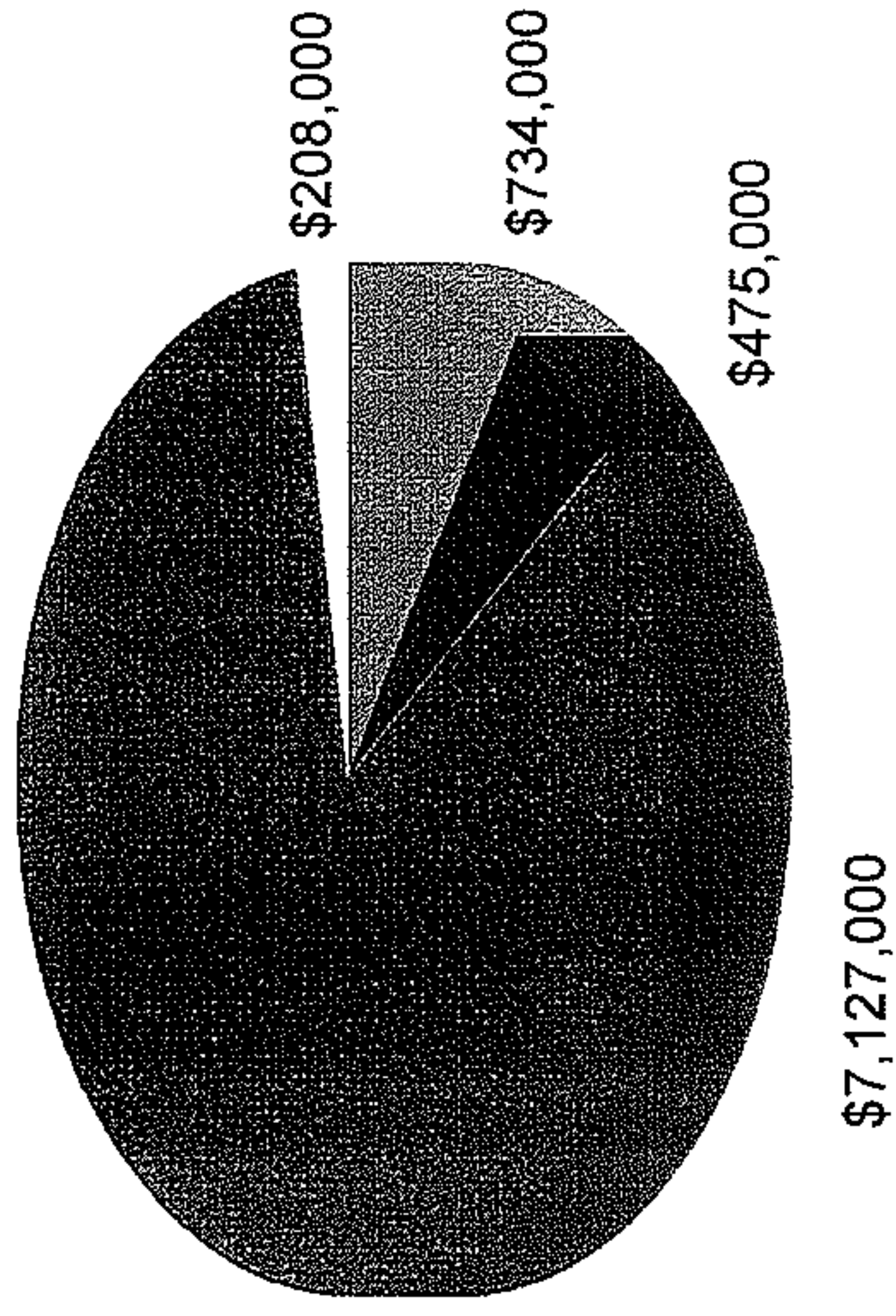
Observation: The sewer revenue bonds of the City require that certain reserves will be maintained as long as the bonds are outstanding. The required reserved cash accounts were not established. Such reserves are a requirement of complying with the debt covenants.

This finding is a current year finding as 2002-2.

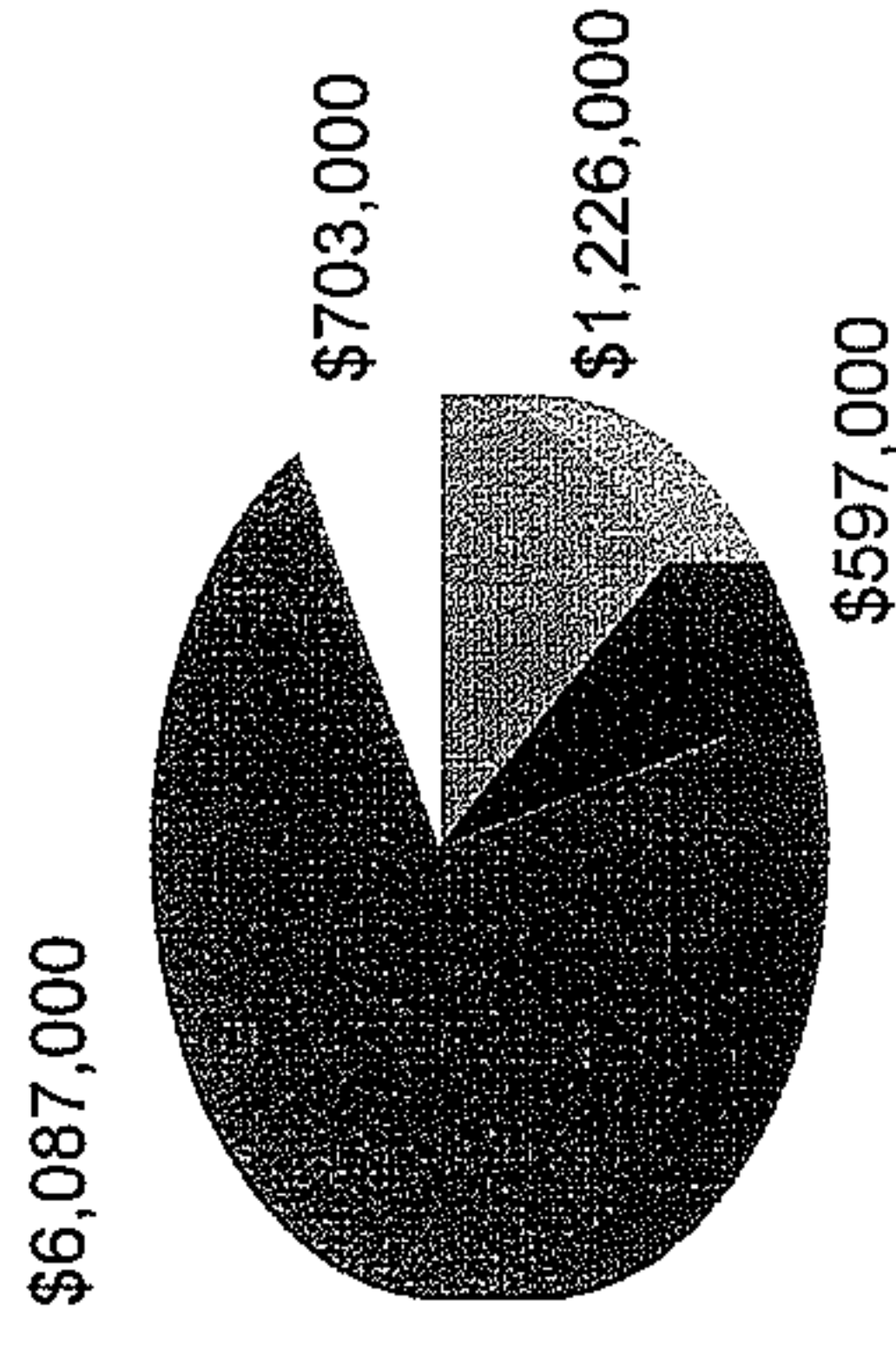
STATISTICAL INFORMATION

CITY OF ST. GABRIEL, LOUISIANA

ASSETS



JUNE 30, 2002



JUNE 30, 2001

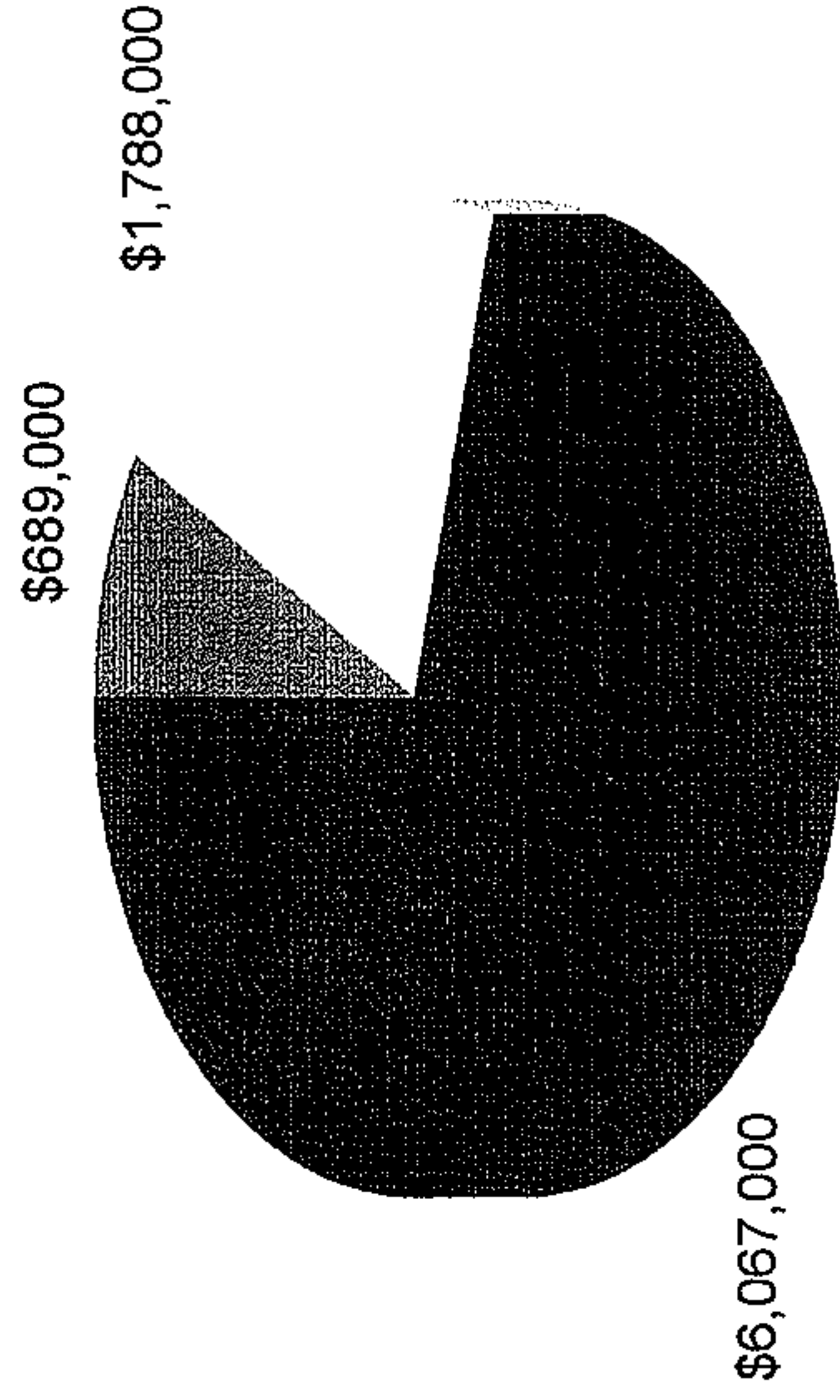
- CASH & CASH EQUIVALENT
- DUE FROM OTHER GOVERNMENTS
- PROPERTY AND EQUIPMENT
- OTHER

ASSETS = \$ 8,544,000

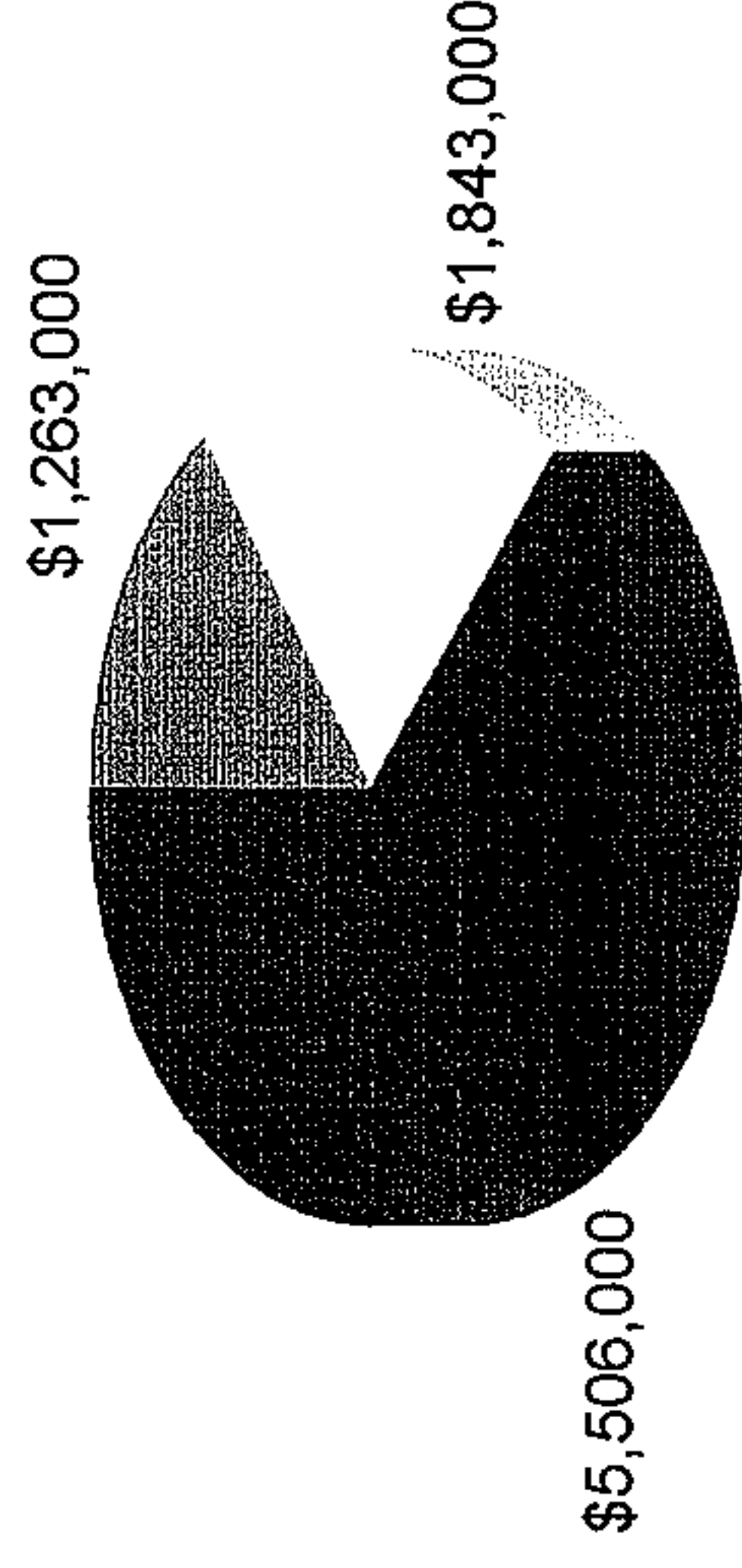
ASSETS = \$ 8,613,000

CITY OF ST. GABRIEL, LOUISIANA

LIABILITIES & FUND EQUITY



JUNE 30, 2002



JUNE 30, 2001

LIABILITIES	DEBT	FUND EQUITY
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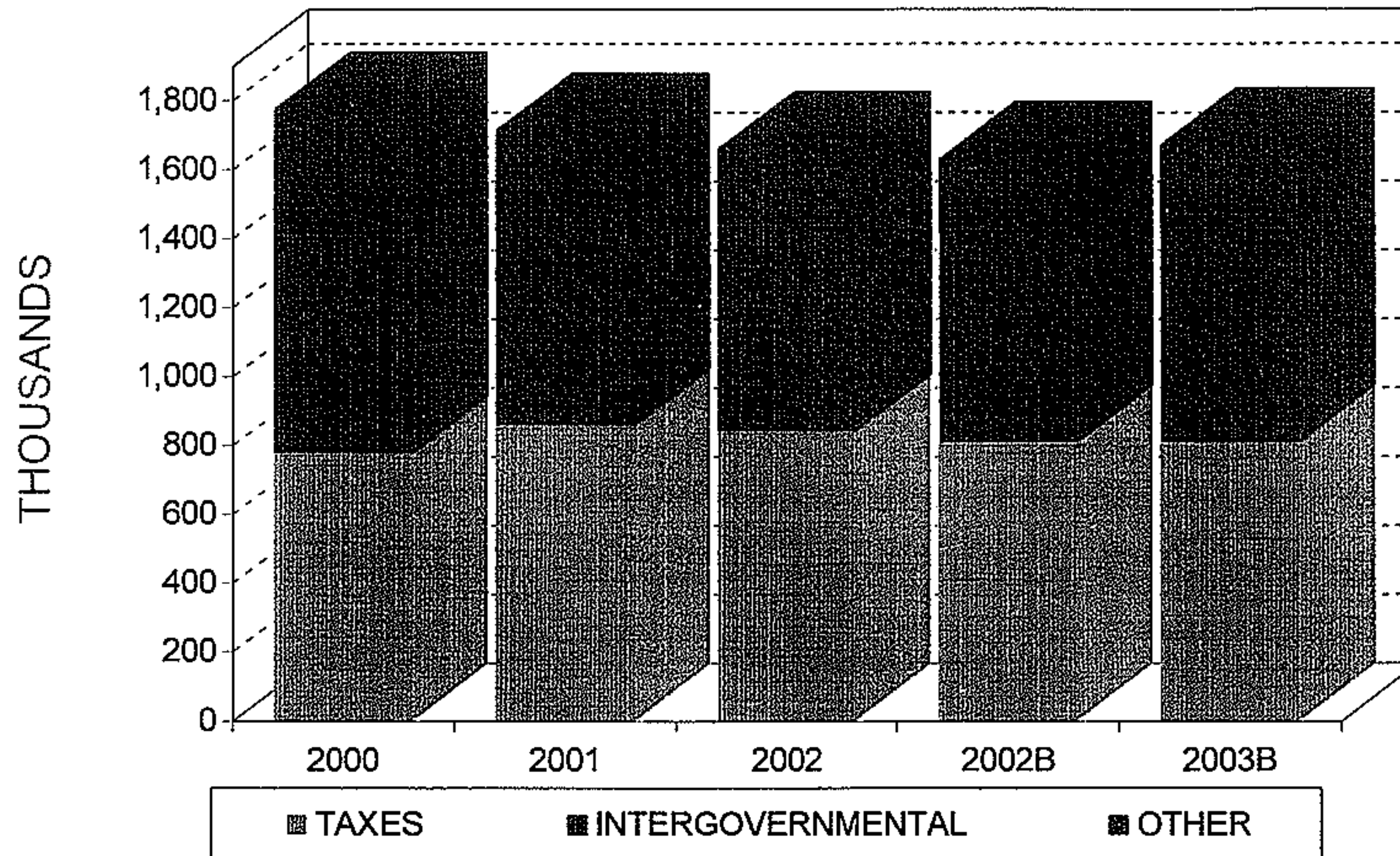
LIABILITIES = \$ 2,477,000

LIABILITIES = \$ 3,106,000

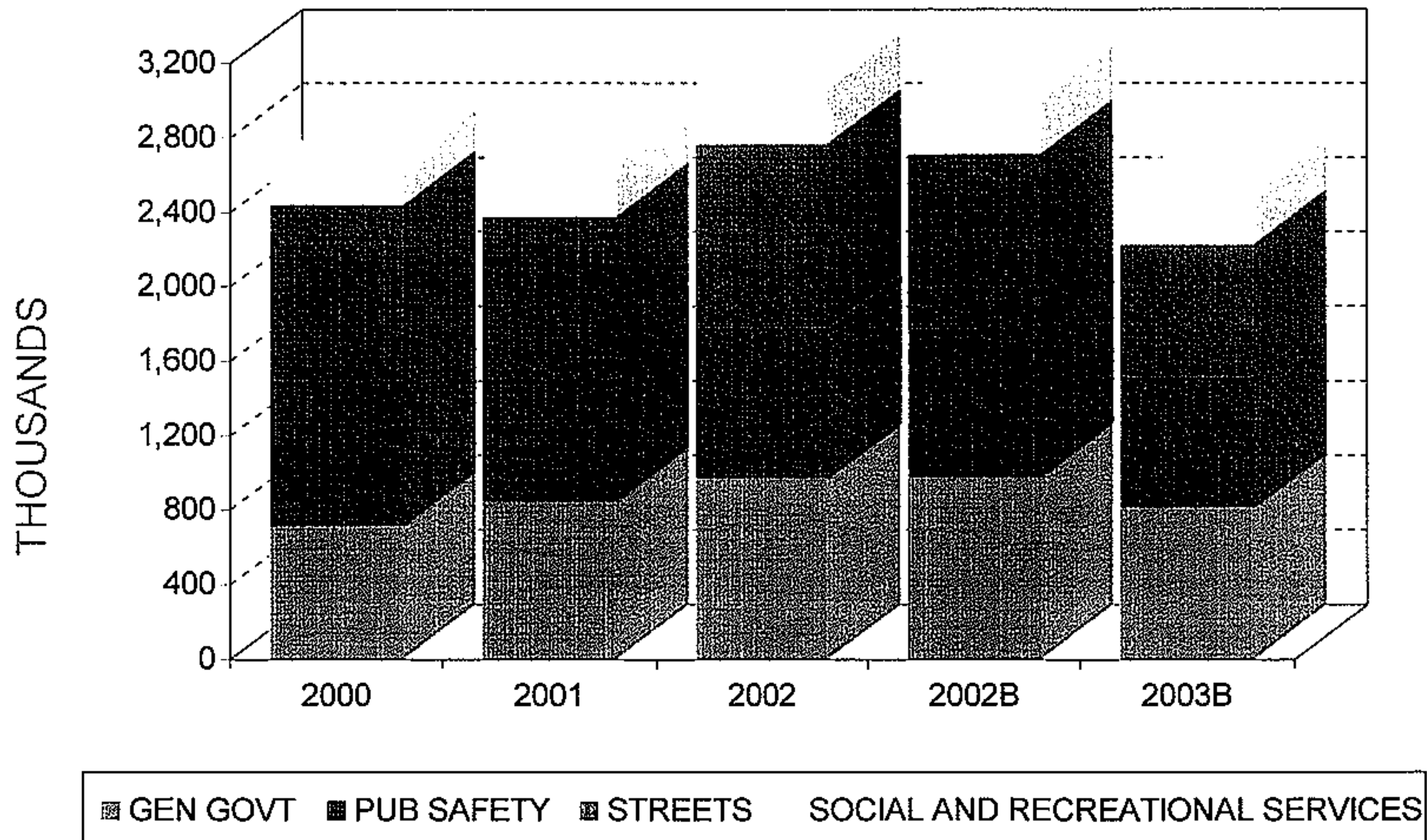
FUND EQUITY = \$ 6,067,000

FUND EQUITY = \$ 5,506,000

GENERAL FUND REVENUES CITY OF ST. GABRIEL, LOUISIANA

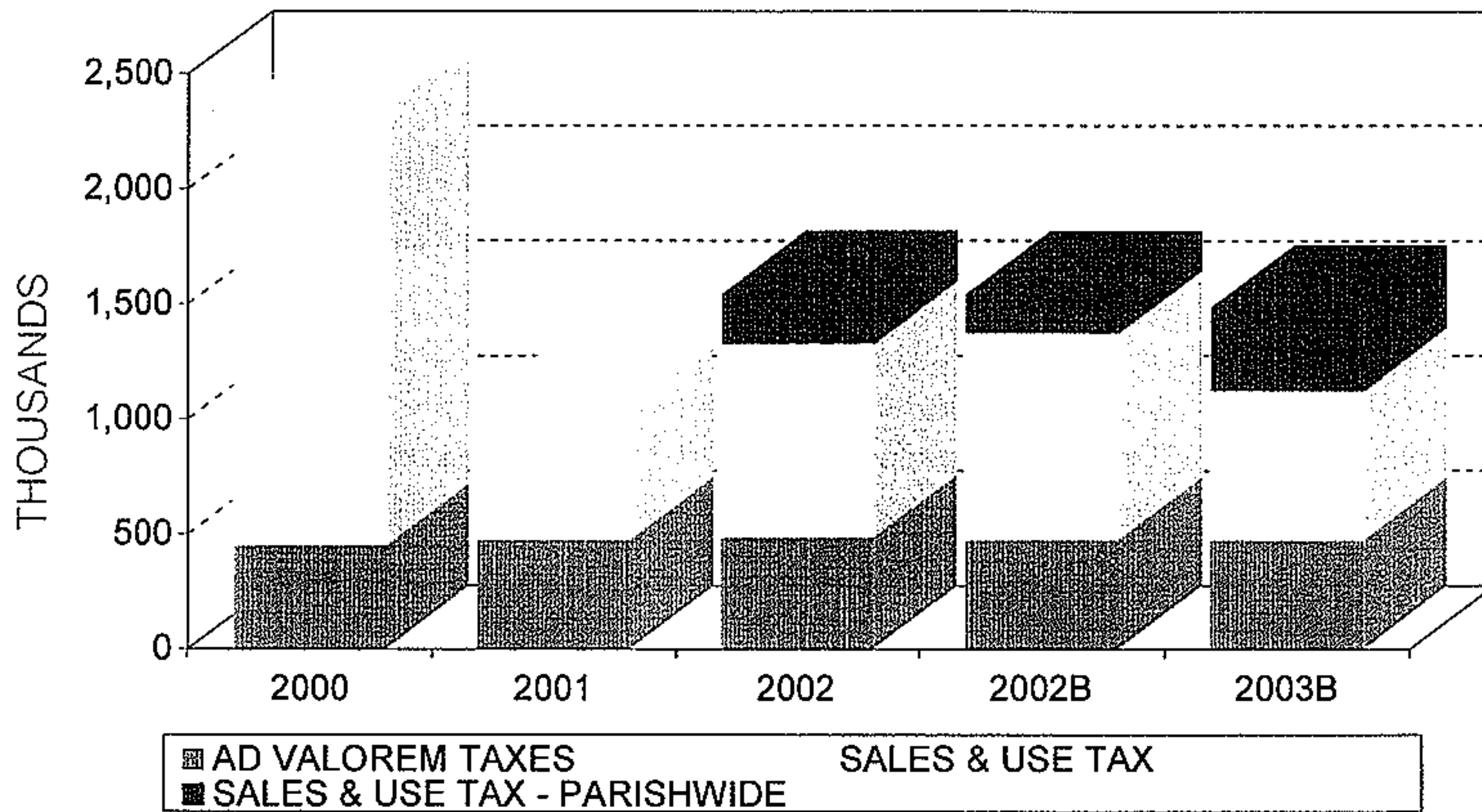


GENERAL FUND EXPENDITURES CITY OF ST. GABRIEL, LOUISIANA



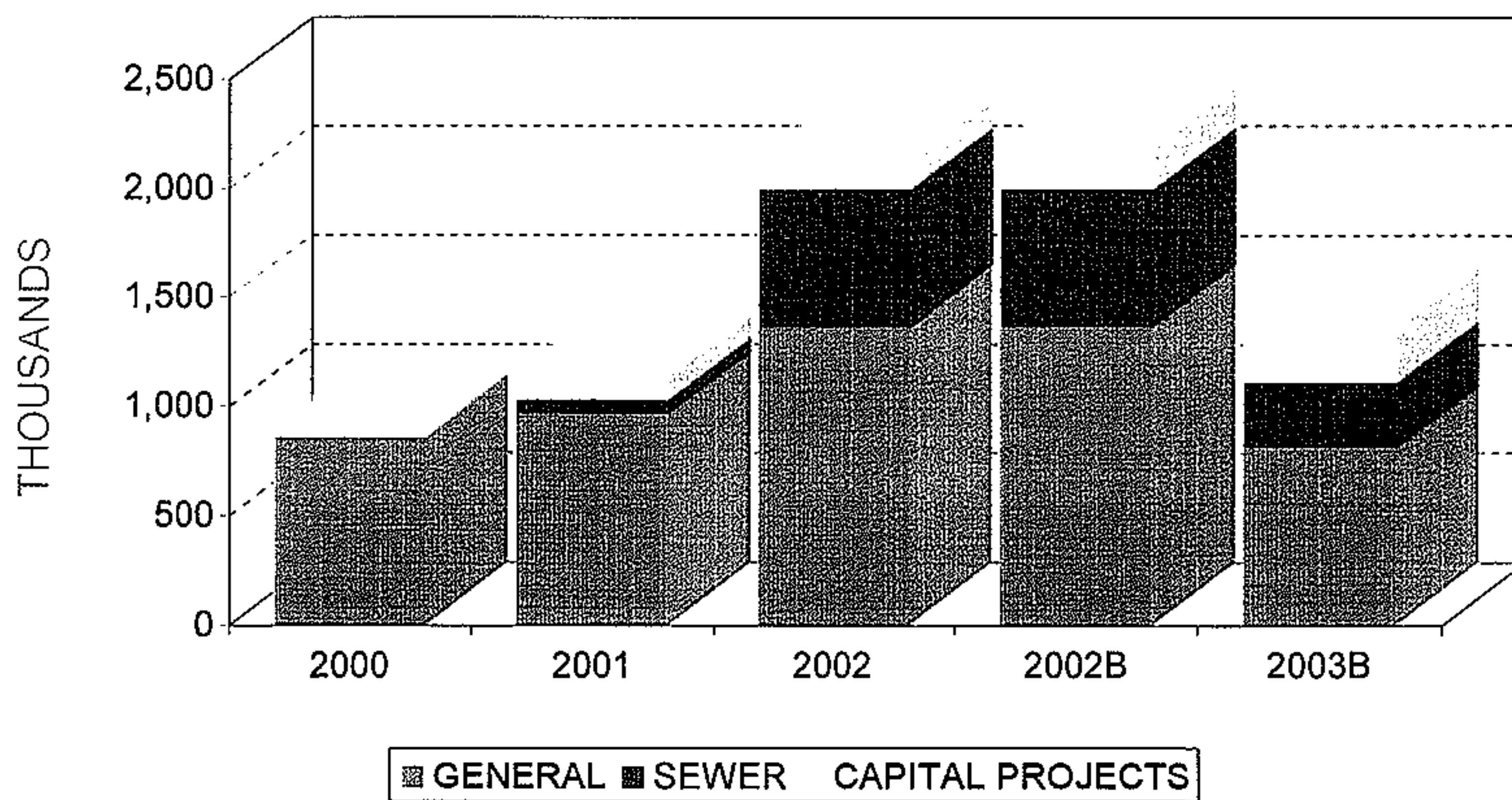
SPECIAL REVENUE FUND REVENUES

CITY OF ST. GABRIEL, LOUISIANA

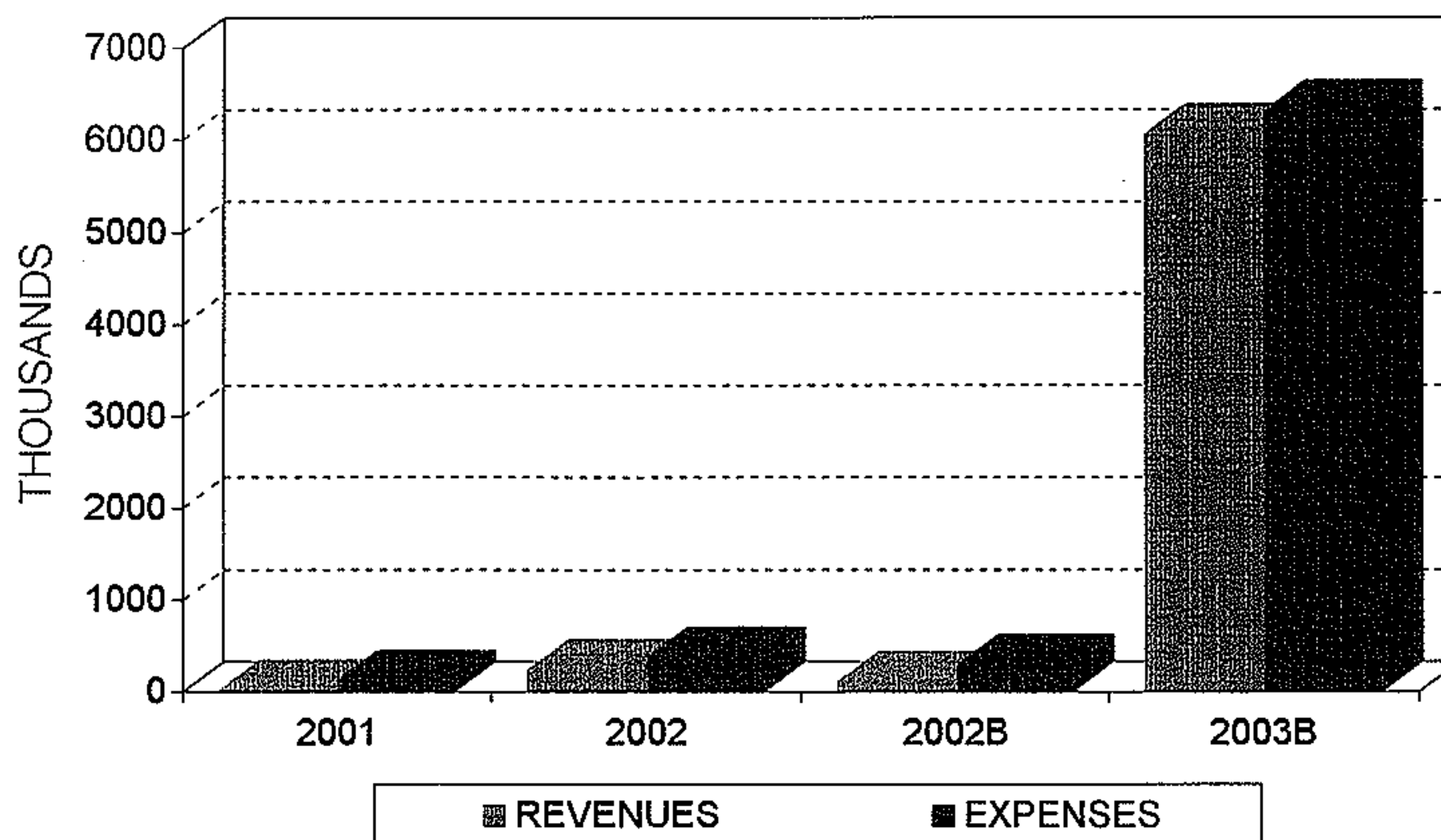


SPECIAL REVENUE FUND TRANSFERS

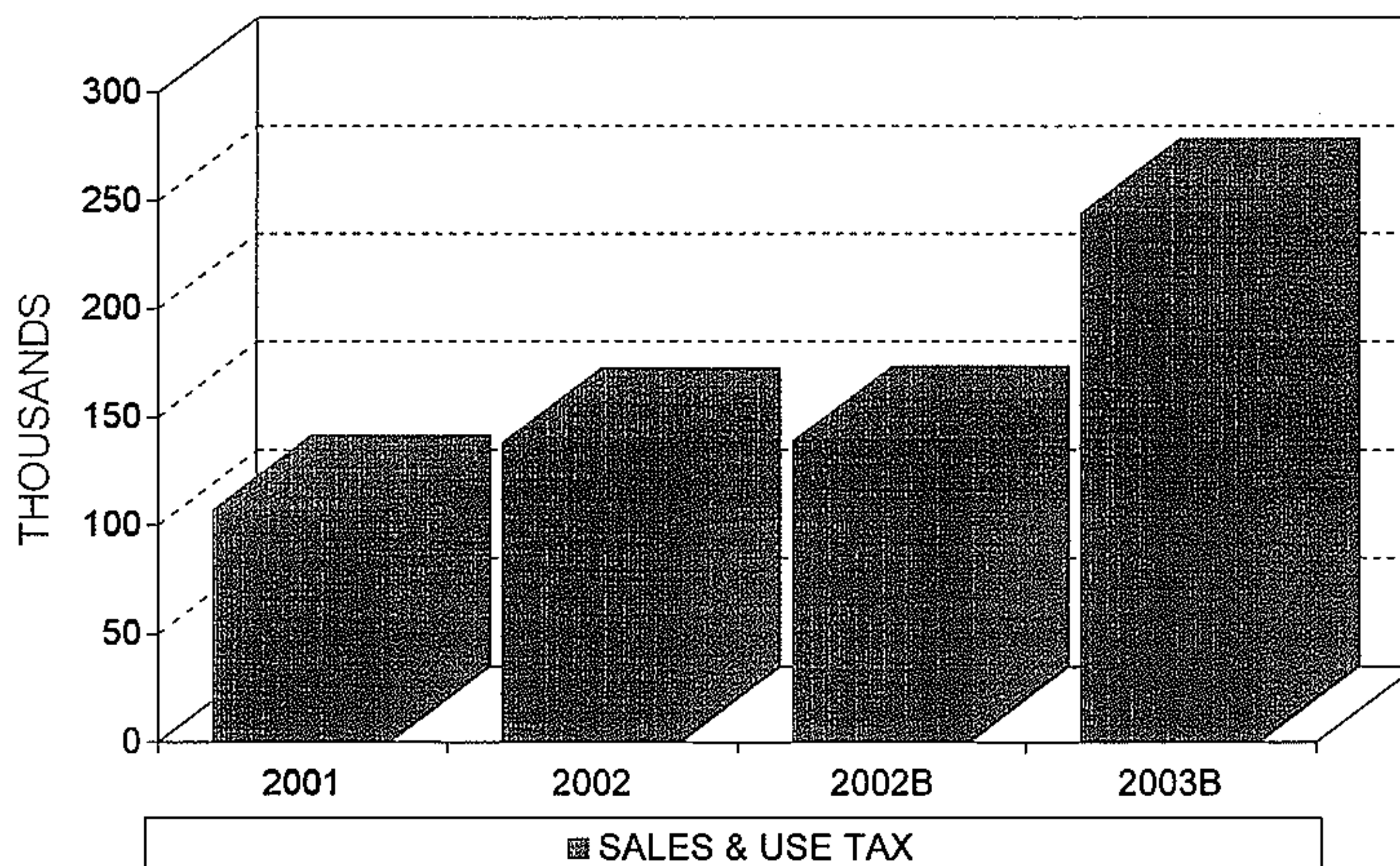
CITY OF ST. GABRIEL, LOUISIANA



CAPITAL PROJECTS FUND REVENUES AND EXPENSES (EXCLUDING SEWER CAPITAL PROJECTS) CITY OF ST. GABRIEL, LOUISIANA

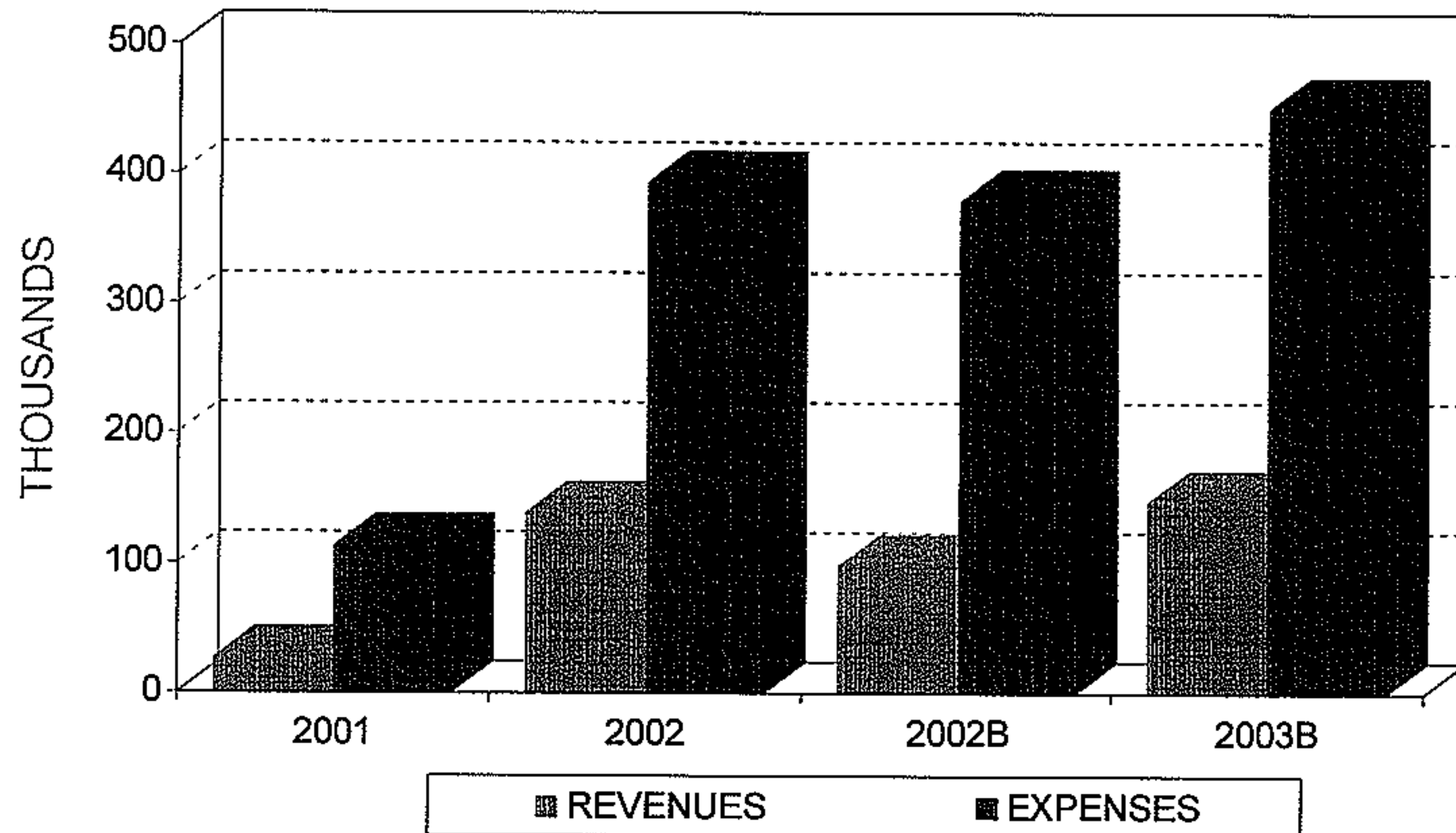


CAPITAL PROJECTS FUND TRANSFERS IN CITY OF ST. GABRIEL, LOUISIANA



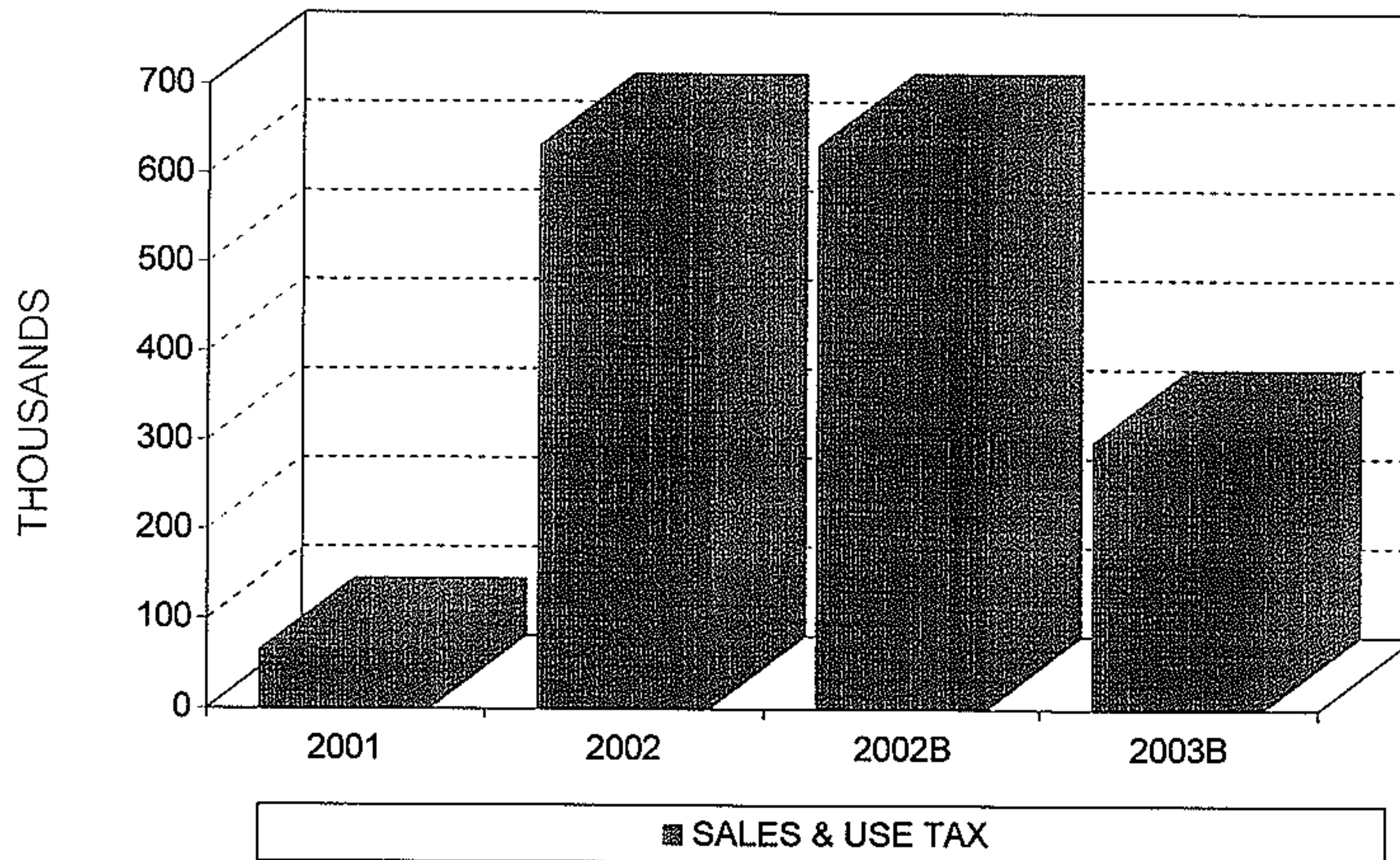
SEWER FUND REVENUES AND EXPENSES

CITY OF ST. GABRIEL, LOUISIANA



SEWER FUND TRANSFERS IN

CITY OF ST. GABRIEL, LOUISIANA





Honorable Mayor and Members of
the City of St. Gabriel Council
St. Gabriel, Louisiana

In planning and performing our audit of the financial statements of the City of St. Gabriel (the City) for the year ended June 30, 2002, we considered its internal control to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls, improving operating efficiency, and reducing expenses. We have reported on the City's internal control in our report dated October 2, 2002. This letter does not affect our report dated October 2, 2002 on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with certain City personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized on Attachment A.

This report is intended solely for the information and use of the City's management, the Louisiana Legislative Auditor, and others within the organization.

A handwritten signature in cursive script that reads 'The Gautreau Group, LLC'.

The Gautreau Group, L.L.C.
Baton Rouge, Louisiana
October 2, 2002

CITY OF ST. GABRIEL, LOUISIANA

CURRENT YEAR OPERATIONAL RECOMMENDATIONS

Personnel File Management

Observation: During our audit, we noted that personnel files are not being kept current and, in certain instances, were incomplete. A complete file should be established for all new employees and periodically updated thereafter. Some of the items that should be included in the personnel files include:

- Signed and dated employment application
- Form I-9, Employment Eligibility Verification
- Date of hire
- Level of pay, including approved pay raises
- Signed W-4 form
- Insurance and other benefits election forms
- Employee evaluations

Recommendation: The City should assign an individual who does not have payroll preparation responsibilities to review all personnel files for the documents listed above and update the files with any missing documents. The personnel files should be inspected on a semiannual basis for compliance.

Management's Response: Management of the City has acquired training for its personnel responsible for maintaining personnel files in prior years. However, the above observation is due to the lack of effective execution by personnel responsible. In any event, the City will assign the task to its chief financial officer and will update files for any of the above information potentially missing.

Processing and Payment of Payroll

Observation: The City uses an automated time card system for recording the hours worked by employees. This system is the basis upon which payroll is recorded and calculated for employee paychecks. During our audit, we observed multiple occurrences, primarily in the Police Department, of the manual entry of payroll for employees that were not included in the time card system. This matter was reported to management as a finding during the June 30, 2000 audit of the financial statements.

Recommendation: The City should establish a policy which clearly defines employees, or entire departments, that are required to use the automated time card system and employees, or entire departments, that are allowed to have manual entry of payroll.

Management's Response: The police department of the City has an effective time card system in place but is not being utilized in its intended manner. Employees of the City's police department maintain time records used for payroll preparation. Management of the City will communicate the recommendation to the Chief of Police for its ultimate resolution.

Processing and Management of Invoices

Observation: The City lacks a policy for the processing and management of invoices. Specific examples of this include: (1) No indication of marking invoices and supporting documents as canceled upon payment; (2) Payments are often made from statements from vendors, not invoices; (3) Shipping documents are not attached to acknowledge receipt of merchandise; and (4) Invoices and related documents are not consistently filed in vendor files upon payment. As a result, the City is susceptible to multiple payments of the same invoice, misuse of the invoice for dishonest purposes, payment for merchandise that was not received and not reviewed upon receipt of merchandise, and theft or misuse of merchandise that was not inspected upon receipt.

Recommendations: (1) All invoices and supporting documents should be canceled upon payment with the use of a "Paid" stamp. The stamp should also include the date of payment, check number, general ledger account number, and initials of employee stamping the documents; (2) All payments should be made from specific invoices, not statements; (3) An employee should review all merchandise received and cancel all shipping documents with the use of a "Received" stamp which includes the date of receipt, date of inspection, and initials of employee stamping the documents; and (4) All invoices and related documents should be filed immediately after making payment.

Management's Response: Subsequent to year-end, the City hired an independent CPA firm to process disbursements. Current payments are defaced upon payment. Additionally, statements are not used to make disbursements.

Finally, the City is implementing purchasing procedures that will include review of incoming merchandise. The procedure will include the recommendation as described above. Additionally, record retention procedures have been assigned to the City's chief financial officer. The City anticipates resolution of this matter during the current fiscal year.

Fixed Asset Management

Observation: The City has not established any formal policies concerning the monitoring of transactions involving fixed assets. Fixed asset subsidiary records were not consistently updated when any property or equipment was purchased or disposed during the year.

Recommendation: The City needs to establish policies that allow for the timely update of fixed asset subsidiary records upon purchase or disposal of fixed assets.

Management's Response: The City has assigned property monitoring functions to its chief financial officer. A current inventory was prepared in October 2002. The City anticipates updating the listing on an on-going basis with a physical inventory occurring on June 30 of each year.

Vehicle Insurance Coverage Reconciliation

Observation: During our audit, we found that the City may be paying insurance premiums on automobiles that the City no longer owns. We compared insurance records of vehicles covered under the City's policy with vehicles listed on the fixed assets subsidiary listing and noted discrepancies. As a result, the City may be needlessly paying insurance premiums on disposed automobiles and not paying insurance on automobiles owned by the City.

Recommendation: The City should match the list of automobiles covered by insurance using information from its policy to the list of automobiles on the City's fixed asset subsidiary listing. If there are any discrepancies between the records, the City should immediately notify the insurance company to rectify the differences. This procedure should be performed on an annual basis.

Management's Response: Management has assigned this task to its chief financial officer. The City will review covered property under its insurance policy and reconcile to existing property held by the City. Any excess coverage will be eliminated.

Contents of Minutes of Meetings

Observation: The City does not include the following information in its minutes from meetings of the City Council:

- Approval of budgets, performed by resolution
- Resolutions adopted
- Important contracts approved

These records are maintained separately from its minutes.

Recommendation: The City should include this information in its minutes from meetings of the City Council.

Management's Response: During 2003, the City will consolidate its records as described above. The resolutions and contracts will be maintained as supplements to Board meeting minutes.